Austria	Sch20	Indonesia	Rp3100	Pakistan	Rs35
Bahrain	Din0.500	Iran	Rls210	Philippines	Peso40
Belgium	BFr60	Israel	Shk4.50	Poland	Zl 15,000
Cyprus	C£1.00	Italy	L2200	Portugal	Esc175
Czech	Kcs35	Jordan	JD1.20	Qatar	QR10.00
Denmark	DKr13	Korea	Won 2000	S.Arabia	SR8.00
Egypt	E£2.50	Kuwait	Fils.500	Singapore	S$4.10
Finland	Fim10	Lebanon	L£1,000	Spain	Pta175
France	FFr8.00	Lux	LFr60	Sweden	SKr15
Germany	DM3.00	Morocco	MDh10	Switz	SFr2.70
Greece	Dr200	Neth	Fl 3.50	Thailand	Bht50
Hungary	Ft182	Nigeria	Naira15	Tunisia	Din0.800
Iceland	IKr180	Norway	NKr13.00	Turkey	L5000
India	Rs20	Oman	OR1.20	UAE	Dh8.00

EUROPE'S BUSINESS NEWSPAPER

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D 8523A

JAPAN
A grudging welcome for foreigners
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World News | Business Summary

Railway bomb causes chaos for London commuters

A bomb planted by the IRA exploded on the railway line at Clapham, London, paralysing the capital's rail network and causing chaos for up to one million commuters. It came after a man claiming to be from the Irish Republican Army telephoned a bomb threat to a television station.

London's eight main rail stations were closed and hundreds of thousands of travellers arrived hours late for work or not at all. Page 6

No Indian settlement
Chinese premier Li Peng ended a six-day visit to India without progress towards settling the border dispute which brought the two countries into conflict in 1962. Page 4

Woman to run MI5
Britain appointed the first woman to run its MI5 counter-espionage service. Stella Rimington, 56, is currently deputy to MI5 director general Sir Patrick Walker, who leaves in February. Observer, Page 16

Resolution repealed
The United Nations repealed the General Assembly's 1975 resolution equating Zionism with racism. The resolution had led to widespread charges of UN anti-semitism.

Briton jailed in France
David Morris, 56, a British estate agent, was jailed for a year and given a further three-year suspended sentence by a court in Grasse, southern France, for the manslaughter of a French youth during a hit-and-run boating accident off Antibes in 1988.

Slowing down
European Community transport ministers agreed that all lorries and buses in the EC should be fitted with speed limiters from the mid-1990s. Lorries will be held to 85kph and buses to 100kph. Page 2

Children's milk scandal
Argentina's president Carlos Menem faces his fourth corruption scandal of the year, following a newspaper allegation that two presidential aides sold sub-standard powdered milk at inflated prices to a government child nutrition programme. Page 3

Greeks to down tools
A million Greek workers are expected to strike for 24 hours today in protest at austerity measures in the 1992 budget which is being debated in parliament this week.

N-fuel lorry on fire
A lorry carrying five tonnes of nuclear fuel was in collision with a car and blazed for three hours at Springfield, Massachusetts. There was no immediate sign of a radioactive leak.

Women in front line
The British air force is to allow women pilots to fly combat jets from next year.

Crime up 19 per cent
Crime in England and Wales rose 19 per cent to 5.1m recorded offences in the year to September. Most crimes – 94 per cent – were against property, with violent crime, up by 6 per cent over the previous year, accounting for 5 per cent.

UK tops low-pay league
Britain has the highest proportion of low-paid workers in the European Community, and Belgium the lowest, according to a study conducted for the Brussels Commission by the French research organisation Centre des Etudes des Revenus et des Coûts. Page 2

Aids to escalate
Aids will kill more than six million Africans in the next decade and four million children will be born with the HIV virus, a World Health Organisation conference in Dakar was told.

'Double-dip' recession fears in UK manufacturing

Britain's manufacturing industry, which the government hopes will help pull the economy into recovery, faces the prospect of a "double-dip" recession, official figures suggested.

A sharp underlying fall in factory production since the summer suggests the manufacturing sector has started to run out of steam and that the outlook is even more bleak as ex-port markets such as the US weaken. Page 18

MR CONRAD BLACK, Canadian publisher of the UK Daily Telegraph, extended his media empire to Australia through the A$1.4bn ($1.08bn) acquisition of John Fairfax, publisher of The Sydney Morning Herald, The (Melbourne) Age and the Australian Financial Review. Page 19

TOYOTA MOTOR, Japan's largest carmaker, forecast a 33 per cent fall in pre-tax profits for the six months to the end of December, due mainly to a sharp fall in sales of high-margin luxury cars. Page 19

WESTINGHOUSE CREDIT: Negotiations for the sale of parts of the troubled financial services business to its rival, GE Capital, have ended without agreement, creating fresh uncertainty over the future of the Westinghouse business. Page 19

MR ASIL NADIR, former chairman of Polly Peck International, the collapsed fruit and electronics conglomerate, pursued his own private interest at the expense of the company, the High Court in London was told yesterday. Page 19

CONTINENTAL, German tyremaker, is to split its main business division into two separate profit centres – one servicing the car market and the other specialising in tyres for commercial vehicles. Page 20

NIKE, US sports shoe and apparel maker, posted record second-quarter results, continuing its trend of improving its performance in the face of recession and a dreary retail environment. Page 21

FARM SUBSIDIES: Arthur Dunkel, director-general of the General Agreement on Tariffs and Trade, has said he will put forward final draft agreements on all areas in the Uruguay Round trade talks on Friday. Page 5

BRITISH Aerospace has won its first order, worth more than $450m, for a new derivative of its BAe 146 jet aimed specifically at US regional airlines. The buyer is Business Express, the biggest regional airline operating in the US north-east. Page 5

BANK OF ISRAEL triggered a sharp reduction in interest rates, seizing on a fall in the rate of inflation to try to regenerate flagging growth and help stem mounting unemployment levels. Page 4

BERLIN'S Christmas retail sales, fuelled by a spending spree by east Germans, are expected to top last year's record turnover. Stores are reporting a 15 per cent rise in turnover for December against last year. Page 2

PRUDENTIAL, UK's largest life insurance company, has resigned from the Unit Trust Association in a public row which has pitted one sector of the financial services industry against the other. Page 6

SANDOZ, Swiss chemical and pharmaceutical group, is to buy a 60 per cent stake in Systemix, a California developer of processes and cellular products based on human blood chemistry, for $392m. Page 20

JAPANESE car dealers warned they would face losses if forced by trade pressure from Washington to stock US models, which they consider unpopular with Japanese consumers. Page 5

Yeltsin seeks single strategic command for Soviet arsenal under military figure

Deal on Soviet N-arms control due 'next week'

By John Lloyd and Gillian Tett in Moscow and Chrystia Freeland in Kiev

AN AGREEMENT putting all Soviet nuclear weapons under a single command will be signed next week by the Commonwealth of Independent States, Mr Boris Yeltsin, the Russian president, yesterday told Mr James Baker, the US secretary of state.

Mr Yeltsin, who also demanded US recognition of Russia as a separate state, appeared to be proposing a single strategic nuclear command under the ultimate control of a military figure responsible to the presidents of the states making up the commonwealth.

In a hectic day of talks in Moscow with Mr Baker, the Russian president said, according to the Tass news service, that only Russia would "for the time being" remain a nuclear state. He said Ukraine and Belorussia, the two other founder members of the commonwealth, would sign the nuclear non-proliferation treaty, and carry out their stated aim of destroying nuclear weapons on their territory. These declarations come as all three states are discussing joint political control of nuclear weapons.

The fourth state with strategic nuclear arms – Kazakhstan, not one of the three original members – would enter into discussions on the issue next week, Mr Yeltsin said.

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■ Editorial Comment: Helping post-Soviet reform
PAGE 16
■ Moscow faces nuclear button dilemma

He claimed that six more states would join the commonwealth by Saturday, and that it would be 10-strong by the end of the year or early 1992 – with only Azerbaijan, Georgia, and the now-independent Baltic states, outside it.

Mr Leonid Kravchuk, the Ukrainian president, cast doubts on the stability of the new commonwealth.

Mr Kravchuk, in an interview with the Financial Times, said Ukraine was not completely committed to raising prices on January 2 in tandem with Russia's planned price liberalisation.

If Ukraine did not receive a promised Rbs16bn from Russia it would be unable to raise prices. Even if Ukraine did receive the extra cash, Mr Kravchuk said, it might not free prices until January 15.

Meanwhile, EC governments yesterday decided to give the Soviet republics Ecu600m ($774m) extra in food grants and credits, amid rising concern that economic hardship may accentuate political instability.

The EC approved a first Ecu500m tranche of an eventual Ecu1.25bn Community food credit to the Soviet Union, and Ecu100m out of a promised Ecu200 food grant.

In Moscow, Mr Baker said after his day of talks that he was "reassured" about the military situation in the Soviet Union. "I have seen nothing which would cause any more concern", taking into consideration the political changes in the country, he said.

Mr Baker took a non-committal attitude to Mr Yeltsin's demand for recognition, saying only that "we will obviously be looking at the suggestion". US officials have said nuclear control and human rights issues must be discussed before recognition is given – but concede that it cannot be withheld indefinitely.

Mr Baker went out of his way to praise Mr Gorbachev before his meeting with him, saying: "The world is fundamentally different, Mr President, from what it was two or three years ago. The fundamental changes are due in no small part to your efforts."

Time out: Baker cuts short a press conference to prepare for his next round of talks

EC seeks compromise over Yugoslav states

By Judy Dempsey in Zagreb, Laura Silber in Belgrade and Agencies

GERMANY came under intense pressure from its European Community partners yesterday to delay recognition of the breakaway Yugoslav republics of Slovenia and Croatia.

European Community foreign ministers sought a compromise formula to head off a move that many fear would spread the undeclared civil war into Bosnia and other parts of Yugoslavia.

Mr Hans-Dietrich Genscher, the German foreign minister, argued strongly in favour of early recognition but stressed the need for co-ordinated action by all of the EC states and his belief that a German decision to recognise the two republics would be followed by others.

"Others will join. Bonn will not be going it alone if it goes ahead with early recognition. There will not be a move by Germany on its own," he told reporters. He did not name the states to which he was referring.

Mr Uffe Ellemann-Jensen, the Danish foreign minister said he hoped a compromise between Bonn and its EC partners could be struck on the basis of a Franco-German proposal to draw up a list of criteria which any new state would have to meet before it could gain EC recognition.

The criteria discussed by foreign ministers included whether a prospective new state had done enough to protect minorities on its territory, whether it was democratic and whether borders were being changed by force.

These criteria could also form the basis of the EC's approach to recognising Russia, Ukraine and other former Soviet republics.

Meanwhile United Nations observers are expected to arrive in Yugoslavia tomorrow to prepare for possible full-scale UN intervention to keep the peace between Croats and Serbs.

Fresh fighting flared in many parts of Croatia on Monday, dimming already slender hopes that a significant force of UN peacekeeping troops may be assembled and dispatched to Yugoslavia soon.

A UN spokeswoman said the observers – 11 military experts, two civilian police and seven civilians – would be in Yugoslavia for about a week. They would tour Krajina and eastern and western Slavonia, scenes of heavy fighting in the past five months.

The UN Security Council voted unanimously on Sunday to send the observers.

However, it will dispatch a full peacekeeping force in order to monitor a ceasefire only and not to impose one.

After the breakdown of 14 negotiated ceasefires, there is no sign of a new truce. An unconfirmed report on Croatian radio said federal aircraft bombed a village near Daruvar, east of Zagreb, yesterday, killing several people.

It said the army attacked the nearby town of Nova Gradiska and one civilian was killed by shellfire. The eastern city of Osijek also came under fire.

The official Tanjug news agency, reporting the Serbian dominated army's side, also spoke of fighting around Nova Gradiska but said it had been started by the Croats.

EC monitors, who continue to negotiate with the Croatian authorities on the withdrawal of all federal army units from the barracks, said they had found a mass grave in the village of Vocin, in central Croatia.

Ms Renilde Steeghs, the EC acting spokeswoman, said 23 of the 34 bodies belonged to elderly people. She also said the village of Hum, close to Vocin, which was captured last week, was retaken at the weekend by Croatian forces.

Meanwhile, an editorial in Vjesnik, Croatia's main daily newspaper, said a second war front could spread to the central republic of Bosnia-Hercegovina.

Fall in US output fires hopes of interest rate cut

By George Graham in Washington

THE ANNOUNCEMENT by the US Federal Reserve Board that industrial production had fallen by 0.4 per cent in November has strengthened expectations that the Fed will cut interest rates once again in the next few days.

This fresh evidence that the US economy had weakened again was more than most economists had expected leaving output 0.5 per cent lower over the past year.

Amid low inflation, weak consumer demand and thin sales during the Christmas retail season, the production figures are seen as likely to tip the Fed towards lowering the rates quickly.

Industrial capacity utilisation also fell to 79.1 per cent, leaving factories operating at their lowest rates since May, when the economy was generally recognised to be still in recession.

Mr Allen Sinai, chief economist of the Boston Company consulting group, said: "Here is yet another key monthly indicator that says we did not come out of recession. It certainly underscores the need for and likelihood of the Federal Reserve easing very soon."

Economists at broker C.J.Lawrence said: "We expect the Fed to cut the discount rate ½ point by the end of the week, and then another ½ point by the end of January, bringing the discount rate and the T-bill rate down to 3.5 per cent."

The Fed's policy-making open market committee is due to meet today, and many economists believe it will announce a cut in the discount rate, currently 4.5 per cent, shortly after this meeting.

The Bush administration has been pressing for further cuts in interest rates to help stimulate the sputtering economy, with Mr Michael Boskin, the chief White House economist, arguing last week that the Fed had "ample room" to ease monetary policy.

A slight increase in the rate of inflation, now running at 3.0 per cent year-on-year, has provided the Fed with an argument for not easing its policy.

The Fed already has lowered its discount rate five times since last December with the last cut on November 6 to 4.5 per cent bringing it to its lowest in 18 years.

The fall in industrial output last month reflected especially a sharp drop in production of cars and automotive parts, as well as a strike at Caterpillar, which reduced output in the construction and mining equipment sector.

Consumer sector car and truck production fell 5.8 per cent last month after seasonal adjustment, the Fed said, although the level of output remained 17.6 per cent higher than a year earlier.

Utilities output rose by 1.3 per cent on a seasonally-adjusted basis, as cold weather in some regions increased demand for electricity.

World stockmarkets, Back page, Section III

CONTENTS

President with a commitment to push hard for a trade pact

The odds in favour of a North American Free Trade Agreement shortened at the weekend when President Carlos Salinas de Gortari of Mexico (pictured) and President George Bush agreed to push hard for a pact early next year.
Page 5

MARKETS

STERLING
New York lunchtime:
$1.822
London:
$1.8215 (1.817)
DM2.875 (2.875)
FFr9.8225 (9.82)
SFr2.54 (same)
Y234 (same)
£ Index 91.5 (same)

GOLD
New York Comex Feb
$360.9 (361.3)
London:
$359.85 (358.9)

N SEA OIL (Argus)
Brent 15-day Jan
$18.55 (19.05)

Chief price changes yesterday: Page 19

DOLLAR
New York lunchtime:
DM1.5773
FFr5.3885
SFr1.3943
Y128.4
London:
DM1.5785 (1.5825)
FFr5.3925 (5.405)
SFr1.395 (1.3985)
Y128.45 (128.8)
Tokyo close: Y128.45

US lunchtime rates
Fed Funds: 4⅝% (4$\frac{5}{16}$%)
3-mo Treasury Bills:
4.231% (4.243%)
Long Bond:
102$\frac{11}{32}$ (102$\frac{11}{32}$)
yield: 7.774% (7.769%)

STOCK INDICES
FT-SE 100:
2,440.8 (−10.8)
FT-A All-Share:
1,170.11 (−0.4%)
FT-SE Eurotrack 100:
1,051.15 (+0.05)

New York lunchtime:
DJ Ind. Av.
2,927.33 (+12.97)
S&P Comp
385.58 (+1.11)
Tokyo: Nikkei
22,838.67 (+81.77)

LONDON MONEY
3-month interbank:
10$\frac{11}{16}$% (10$\frac{13}{16}$%)
Liffe long gilt future:
Mar 96$\frac{31}{32}$ (96¾)

Brussels seeks ways to rescue pact with Efta

By David Buchan in Brussels and Robert Taylor in Stockholm

EC FOREIGN ministers yesterday asked their ambassadors and the European Commission to plot the Community's next move in the legal saga over the European Economic Area (EEA).

Following the European Court of Justice's weekend rejection of juridical aspects of the EEA accord, the EC's Dutch presidency conceded the EEA deal might have to be partly re-negotiated. But the ambitious agreement with the European Free Trade Association (Efta) to form a single market of some 380m people in 19 countries should still be signed by next February, so that it could be ratified by parliaments and come into effect on January 1 1993, Mr Hans van den Broek, the Dutch foreign minister, said yesterday.

Efta countries said yesterday they expected to hear on Thursday from the EC what solutions there might be to what was essentially an internal wrangle between EC institutions. Mr Ulf Dinkelspiel, Sweden's EC affairs minister and former chief EEA negotiator, said he was "disappointed and surprised" that this latest snag should arise. The danger, however, is that the EEA risks causing more political – and now legal – trouble than it is worth to Efta countries which seem to be deciding that they would be better off inside the EC as full members. Finland and Switzerland look likely to follow Austria and Sweden in applying to join.

The biggest trouble appears to lie in Norway where Mrs Gro Harlem Brundtland's minority Labour government was already finding it hard to secure the necessary three-quarters majority in parliament it needs to ratify the EEA agreement. Any dilution of the deal to placate the European court could make it impossible for Mrs Brundtland to win the political support she needs.

Norway's prime minister has a personal interest in the success of the EEA. It was due to her initiative in March 1989 that EC president Jacques Delors came to an Efta heads of government summit in Oslo to agree on negotiations between the two economic blocks on an EEA.

If the EEA does fall apart over the next few weeks it seems likely to provoke a national debate in Norway on whether the country should make a formal application to Brussels for EC membership even though Norwegians remain evenly divided on the issue.

The Finnish centre-right administration of Mr Esko Aho is expected to make up its mind by next February on whether or not to seek EC entry.

EC steps up aid to Soviet republics

By David Buchan in Brussels

EC governments yesterday decided to give the emerging commonwealth of Soviet republics Ecu600m ($774m) extra in food grants and credits, amid rising concern that economic hardship may accentuate political instability.

Foreign and finance ministers of the 12 EC states approved a first Ecu500m tranche of an eventual Ecu1.25bn Community food credit to the Soviet Union, and Ecu100m out of a promised Ecu200 food grant.

The extra EC aid could rise to Ecu700m, if and when the European Parliament gives its agreement this week to the second Ecu100m slice of the food grant coming out of funds already appropriated in this year's budget for EC farm price support.

At last week's Maastricht summit, EC leaders expressed concern about food shortages appearing in big cities such as Moscow and St Petersburg and promised more aid. Yesterday, ministers agreed to send a mixed task force of Commission and national experts to these two cities to supervise food deliveries.

In view of growing Soviet insolvency, it seems likely that EC credits will effectively have to be considered as straight grants. Brussels is encountering increasing problems in lending to the Soviet Union via commercial banks. An Ecu500m syndicated credit, led by Deutsche Bank and guaranteed 98 per cent by the EC, was formally signed here three weeks ago by Mr Ivan Silayev, head of the inter-republican committee, but there are still apparently problems in disbursing it, EC officials say.

Partly as a result of the months of haggling over the Deutsche Bank credit, the EC has decided to make its Ecu1.25bn food credit – the first slice of which was approved yesterday – in the form of a direct Community loan, raised on the capital markets and backed by a guarantee on the EC budget. "Certainly, there is a risk, but less than lending to the Maxwell corporation," said an EC official.

There was no reference in yesterday's ministerial debates to the recent US call for a conference on Soviet aid needs, but there was much talk about the need for guarantees that republics would assume the debt and arms control obligations undertaken by the old Soviet central government.

Mr Gavriil Popov (above), Moscow's mayor, is refusing to go back on his decision to resign, suggesting radical democratic opposition to the Russian president, Mr Boris Yeltsin, may be gathering pace, writes Gillian Tett in Moscow. Speaking after the launch of the Movement for Democratic Reform, Mr Popov said his move was being forced by conflicts with his city council and Mr Yeltsin on reform.

Central Europeans sign EC accords

By David Buchan in Brussels

POLAND, Hungary and Czechoslovakia yesterday stressed their goal of eventually joining the European Community as they signed far-reaching association accords in Brussels.

One last obstacle to the so-called Europe association agreements, which clearly state the central European countries' aspirations to EC membership, was overcome yesterday when Spain won assurances that the EC would take safeguard measures if there were surges in steel imports from central Europe.

The year-long negotiations were thus marked right to the end on the Community side by hard-headed commercial protectionism at odds with the EC's political rhetoric about welcoming new democracies into the fold.

None the less, the agreements will lead to free trade over 10 years, with the Community lowering its barriers to industrial imports more quickly – within five to six years – than the central Europeans will be required to do.

The latter have already sharply redirected their trade towards the west.

Over the 1988-90 period Poland's exports to the EC rose by 58 per cent, Hungary's by 27 per cent, and Czechoslovakia's by 22 per cent; while Poland's imports from the EC increased by 59 per cent, Hungary's 22 per cent and Czechoslovakia's 17 per cent.

Securities directive stalled by divisions

By Andrew Hill in Brussels

SENIOR officials of the Twelve yesterday failed to break the deadlock over proposals to standardise EC securities regulation.

Negotiations on the draft investment services directive again stalled on the issue of transparency: whether, how and when transactions should be made public.

Britain, Germany and Ireland – eager to protect their market-makers – oppose rapid disclosure, but the French lead a group of countries which wants speedy publication of trades.

After 80 minutes of discussion, the Dutch presidency agreed it was not worth passing the issue to finance ministers, meeting in the same building, and the directive would have to be shelved until the Portuguese presidency, which begins next month.

Mr John Redwood, the British minister for corporate affairs, blamed French intransigence for the stalemate. "But it's better to avoid something bad going into place than agree on something bad for the sake of agreement," he said.

Separately, EC finance ministers welcomed Portugal's tough budgetary plan for bringing its economy into line with its Community partners as part of the move towards economic and monetary union (Emu).

Mr Jorge Braga de Macedo, the Portuguese finance minister, said the outcome of last week's Maastricht summit – which imposed a final deadline of 1999 for a single EC currency – had given Portugal's budget policy "a Community dimension".

"We see Maastricht as happy confirmation of what we were intending to do anyway," said Mr Braga de Macedo yesterday.

Portugal has pledged to bring its annual inflation rate – running at 11.4 per cent – in line with the EC average, reducing it to 4 per cent by the end of 1995. The government has also put strict ceilings on expenditure, and promised to curb wages in the public sector.

A dark side of Croatia not easy to see

Judy Dempsey reports from Zagreb on alleged intimidation of Serbs and liberal Croats

MR SVETOVAR Livada knows that when his telephone rings it may well be a death threat. In the past two weeks the 63-year-old retired rural sociologist, who was sacked from Zagreb university in 1961 for criticising the communist party's agrarian policy, has been questioned twice by the Croatian police.

On December 5, he was summoned to the central police station on Dordiceva street in Zagreb under article 236/f of the constitution, which amounts to sedition against the state.

He was questioned about his activities as vice-president of the Serbian Democratic Forum (SDF), a liberal movement set up to protect the ethnic, political and cultural rights of the 560,000-strong Serb community in Croatia and to promote trust between Croats and Serbs.

Last week, the authorities, without issuing a summons, sent a car round to collect Mr Livada for more questioning.

Mr Livada's experience is no exception in what many describe as a growing atmosphere of intimidation. As a Serb, he, and many of his colleagues who criticise the authoritarian tendencies of the government, fear they may be on a hit-list.

"My close Croat academic friends have warned me to be careful. They told me that I am on a special hit-list," he said. There is a growing number of reports alleging that many Serbs have disappeared since the war started in Croatia on June 25.

Between October 17 and November 1, the SDF received reports claiming that between 26 and 120 Serbian men and women went missing from the town of Gospic, south of Zagreb, the capital.

'My close Croat academic friends have warned me to be careful. They told me that I am on a special hit-list'

In Zagreb, at least four Serbs have been reported kidnapped. Mr Milorad Pupovac, head of the SDF, said two of them, Mr Mikhail Zec and Mr Milos Ivosevic, well-known businessmen, had been killed.

Liberal Serbs in Zagreb say that because of the civil war, which, according to unofficial Red Cross figures, has claimed the lives of 25,000 Serbs, Croats and federal troops, local Croats in the republic's villages and towns are seeking revenge against the Serbs.

"We have reports of massacres of Croats by Serb irregulars, and Serbs by local Croats. I have seen appalling atrocities," said Mr Ivan Cicak, head of the Croatian Peasants Party.

Croatian government officials deny the existence of any Serbian hit-list. However, the ruling nationalist, right-wing Croatian Democratic Movement, headed by Mr Franjo Tudjman, the president, has set up a commission to investigate allegations of a massacre of Serbs in Gospic. The commission's findings have not yet been made public.

Neither Mr Pupovac nor Mr Livada point the finger at any one government institution which may be issuing instructions for questioning, or which may be condoning the vendetta against the Serbs.

Mr Pupovac, who remains determined to seek some co-existence between Serbs and Croats in Croatia, says vendettas against Serbs often take place on the local level. "The government cannot control everything that takes place throughout the republic," he said.

However, liberal Croatian critics, who have been increasingly marginalised by the government, place a large part of the blame on Mr Josip Manolic, president of the Commission for Protecting the Constitution, and former head of the secret police in Croatia under the communist regime.

They say Mr Zdravko Mustac, who until last April was under-secretary with special responsibility for the secret police at the federal government's interior ministry, should also share responsibility.

"Many of the people now running the government are former communists. They have no democratic credentials. They have donned the mantle of extreme nationalism," said a retired Croatian academic who was imprisoned by Mr Manolic in 1966.

Croats are also being interrogated, beaten up, or killed, as Amnesty International, the international human rights movement, recently documented.

General Milan Dedakovic, who defended the Croatian city of Vukovar until it surrendered to the federal army last month, was accused by Mr Tudjman of complicity with federal army counter-intelligence. General Dedakovic was brought back to Zagreb and beaten up, according to Croats in Zagreb.

The Croatian government has reacted to growing criticism of discrimination and intimidation of the Serb community by passing a law which on paper offers political and cultural rights to the Serbs.

But Serb and Croat liberals say this law will not dilute the growing atmosphere of revenge against the Serbs pervading the republic. Nor will it provide any checks and balances on the increasingly authoritarian nature of the Tudjman government.

"This brings us to the whole question of recognition," said Mr Pupovac. "Recognition by western governments of Croatia's independence implies the rule of law and democratic rights. The European Community and the United Nations must work towards setting up a framework for introducing democracy throughout all the republics," he added.

Christian Democrats debate a new world role for a united Germany

By Quentin Peel in Dresden

DRESDEN is a good place to talk about responsibility. The ruins of the Frauenkirche are a grim reminder of the wartime bombing which devastated this great Baroque city, once known as Florence on the Elbe.

Yesterday the Christian Democratic Union (CDU), Chancellor Helmut Kohl's party in Germany's ruling coalition, came to Dresden to talk about responsibility. Only this time it was all about post-war responsibility.

Half the debate was about the past, about responsibility for sins of the 40 years of Communist Party rule in what was East Germany, and in particular about who should be blamed for collaboration with the evil Stasi secret police. How far should the party go to clean out members of the officially sanctioned, and largely corrupted, old CDU "block party" of the former system?

Half the debate was about the future: how should a united Germany be facing up to its new responsibilities in the uncertain, risk-laden post-cold war world? What is German national interest in a world of common European foreign and security policies?

Chancellor Helmut Kohl (left) ponders something said to him by Defence Minister Gerhard Stoltenberg at the congress in Dresden yesterday

Just one year after a considerable victory in the first national elections after unification, the CDU is undergoing its own agonies of east-west division and mutual suspicion. "Coming to terms with the past: building trust," is a major theme of this party congress.

"On one side there is too much uncertainty. On the other side there is too much self-confidence," said Mr Hans-Joachim Maaz, a psychotherapist from the eastern city of Halle. "Overcoming the past must be an internal process: but it is an internal process not only for us east Germans, but also for the westerners."

Mr Alfred Gomolka, premier of Mecklenburg-Vorpommern, spelt it out. West German governments had compromised with the East, just as eastern citizens had been forced to do. Many easterners were forced to choose "between martyrdom and collaboration." In the west, they chose to invite Mr Erich Honecker as an honoured guest of the state when he was the detested eastern communist leader.

Like so many debates on responsibility, the result was inconclusive. "They talked about the importance of talking to each other," said an eastern journalist. "They didn't talk about anything concrete."

As for the debate on Germany's new role in the world, it was almost equally uncertain. There was an overwhelming conviction of the need to work within the EC, but there were also calls for more assertion of "national self-interest."

There was also considerable disappointment that the EC summit in Maastricht did not go further to found a common European foreign policy – but no-one wanted to tackle the question of why Germany seems determined to go it alone on Yugoslavia.

One thing was clear. A united Germany does have more responsibilities in the outside world, and its interests are suddenly as much in the east as in the west.

Food costs lift French inflation

By Alice Rawsthorn

FRENCH inflation rose to an annual rate of 3 per cent last month, according to provisional figures published yesterday by Insée, the state statistics institute. In spite of the increase, France still boasts the lowest inflation rate among the Group of Seven industrialised countries.

Consumer prices in France climbed by 0.3 per cent in November, reflecting increased domestic fuel and food prices.

The Ministry of Finance, which is said to consider the November outcome a "good performance" given recent changes in exchange rates and oil prices, also announced a current account surplus of more than FFr7.3bn ($1.35bn) for October, against a FFr2.6bn deficit for September. The deficit for the first 10 months of the year now totals FFr17.2bn, against a FFr40bn deficit during the period in 1990.

France's low inflation reflects continuing economic rigour under Mr Pierre Bérégovoy, finance minister. The annualised inflation rate of 3 per cent compares with 4.2 per cent in Germany, considered by the French government to be an important benchmark. France will tomorrow announce industrial production figures for October. Analysts expect an increase of between 0.3 and 0.5 per cent on September, indicating a slowing of the summer's growth.

Community opts for 'speed limiters'

By David Gardner in Brussels

EUROPEAN Community transport ministers opted yesterday for radical measures to improve road safety, deciding that from 1994 new lorries and buses would be fitted with "speed limiters" preventing them from exceeding newly-prescribed speed limits.

The speed limit for new lorries will be 85km an hour and the limit for buses will be 100km an hour. The UK argued for a higher 60 miles an hour (96km per hour) limit for trucks, but the 12 finally agreed unanimously on the lower limit.

The limits will apply to freight vehicles over 12 tonnes, and buses of over five tonnes carrying more than eight passengers, from January 1 1994 for all new vehicles registered after that date. The same limits will be mandatory for all cross-border vehicles in these categories that have 1988-94 registrations, but from January 1 1995. For national transport, these vehicles will have a further year's grace.

The speed limiters, or "governors" as they are also known, allow a margin of about 5km an hour over the pre-set limit before interrupting the fuel supply. Their introduction is part of an EC programme intended to limit the carnage on Community roads, now costing an average of 50,000 deaths and 1.5m injuries a year.

The decision has to negotiate technical hoops and requires the European Parliament's opinion. But the measures are virtually certain to become law by the time prescribed.

Ciba-Geigy shifts study centre site

CIBA-GEIGY, the Swiss pharmaceuticals group, has dropped plans to build a SFr120m ($86.30m) genetic engineering research centre in Basle following opposition from environmental groups, writes Ian Rodger in Zurich.

The company said in a statement that it was examining an alternative site in the Alsace region of France.

When Ciba applied two years ago for a building permit for its genetic engineering project environmentalists challenged it on the grounds that there was insufficient knowledge of the technology's long-term effects.

When the permit was granted last summer the environmentalists appealed, a process which can stretch out for years. Ciba said this could lead to unacceptable delays.

Britain in top rank of low-pay study

By Alice Rawsthorn in Paris

BRITAIN has the highest proportion of low-paid workers in the European Community, and Belgium the lowest, according to a study conducted for the Brussels Commission by the French research organisation Centre des Etudes des Revenus et des Coûts.

CERC attributes the large number of low-paid workers in Britain and also in Ireland to the practice of negotiating pay on a company-by-company basis and to the absence of a minimum wage.

It says there tend to be proportionally fewer low-paid workers in countries such as Italy and Germany where pay negotiations are generally conducted across different divisions of particular industries, rather than within individual companies. However, in all EC countries, most low-paid employees are women, young people or those with poor qualifications.

CERC found 20 per cent of all UK full-time employees fall into the low-paid category, that is they earn less than 66 per cent of the median wage. In Spain, 19 per cent of the workforce is in that category, and in Ireland, 18 per cent.

The figure is only 5 per cent in Belgium, rising to 11 per cent in the Netherlands, 12 per cent in Portugal, 13 per cent in Germany (excluding the east), 14 per cent in France and 14.5 per cent in Italy.

CERC suggests the decline in influence of UK wages councils and of Irish joint labour committees has contributed to the high proportion of low-paid workers in those countries.

Irish farmers' salvation could be blowing in the wind

Windfarming is seen as a viable alternative for the agricultural sector, writes Tim Coone

FARMERS on the windswept western coast of Ireland, facing a decline in their traditional livelihoods through agricultural reforms, may one day regard the wind as their salvation.

Harvesting the wind could be the 21st century answer to Ireland's financially-strapped agricultural sector, while helping to alleviate the country's near total dependence on fossil fuels for energy supplies.

The European Wind Energy Association has identified Ireland as having some of the best wind resources in the EC, equalled only by Scotland. If Ireland harnessed this it could provide all the country's electricity needs and become a net exporter to the rest of the community.

If 55 per cent EC capital funding is approved, next year will see the setting up of Ireland's first commercial windfarm. It is a I£7.1m ($11.8m) private venture undertaken by Nordtank, a Danish company and a leader in the manufacture of wind turbines. A director of the company said that when the EC made funding available for renewable energy projects in the mid-1980s it started looking for the most viable areas for a windfarm. Ireland, where the 3,000km western seaboard has average windspeeds in excess of seven metres/second, was "clearly the number one on that," he added.

The Irish government, however, has been slow to catch on to the potential of the resource.

Mr Michael O'Connell, head of the alternative energy section at the Irish Department of Energy, said: "Our policy is to encourage the development of wind energy where it is economically and technically viable, but this does not extend to the provision of any particular grants."

The Nordtank project – which will have 21 turbines totalling 6.4MW capacity – will receive only 3.6 Irish pence/kWh generated from the ESB, Ireland's electricity supply board. This is the same rate paid to hydro-electric suppliers and compares with 11.5p/kWh in England and Wales, according to Mr John Halliday, a specialist at the Rutherford Appleton Laboratory at Oxford.

He said wind energy was now starting to take off in the UK as a result of a fossil fuel tax, which is being used to encourage alternative sources of energy.

The main factor which could bring about a rapid change in Irish policy is the planned EC energy tax on carbon-based fuels. The proposed $10 a barrel levy, to be introduced progressively up to the year 2000, has sparked concern in Ireland, which generates 95 per cent of its electricity using coal, oil, gas or peat.

In the mid-1980s it invested heavily in a 900MW coal-fired plant, bringing the ESB's total capacity close to 4,000MW. It is the cheapest power station in the system and produces 42 per cent of electricity supplied to the grid.

It was originally thought this plant would provide sufficient capacity until the end of the century. Demand has grown rapidly, however, and Mr Robin McKee, head of the electricity section at the Department of Energy, believes new plant will be needed by 1994 or 1995.

A planned 600MW cable connection to the UK, to buy power from the UK grid, is unlikely to be on line until the latter half of the decade.

Mr McKee said the government's view was that a new fossil-fuel power station would be the most likely solution, adding the economics and reliability of wind turbines had not been proved.

With a total budget of about I£5m a year, the Department of Energy has little cash to spare to promote alternative energy supplies.

Ms Mary Flaherty, opposition Fine Gael spokesperson on energy, claims the government does not have an energy policy. A Fine Gael policy paper published in 1987 stated that "as little as 100 sq km would be needed to supply 10 per cent of our electricity [from wind]... the [wind] programme needs a much stronger commitment".

The Danish government, which is the European leader in the field, already has 360MW-capacity of wind turbines installed and plans to have about 2,000MW, or 10 per cent of its electricity supplies, generated from windfarms by the turn of the century.

The European Wind Energy Association, in a report produced last October, says "the same 10 per cent figure is realistic as a long-term goal for Europe of, say, 40 years".

The determinant factor in Ireland's case will be finance. Specialists claim the technology has been proved to work, and that what is now needed is a change in the institutional approach to the pricing policy for wind-generated energy.

Mr O'Connell believes that with official encouragement "wind turbines will get on to the market and prices will come down". This has been the Danish experience, and subsidies have been steadily reduced since the introduction of turbines.

The Irish farmers on the coasts of Donegal, Mayo and Galway – struggling with declining sheep, beef and milk subsidies – could justifiably argue for a replacement subsidy to harvest the resource presently blowing over their heads. The concept of farming wind might still require a considerable stretch of the imagination, though, and not just on the part of farmers.

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Kerrey gains most in party's first presidential debate

Democrats in the spotlight

By George Graham in Washington

CANDIDATES for the Democratic party's presidential nomination have laboured for months under two shadows: those of President George Bush, the Republican incumbent one of them must face, and of Governor Mario Cuomo of New York, the Democratic enigma whose musings over whether to run for the presidency have eclipsed the six principal contenders already in the running.

On Sunday, these candidates finally got their chance to emerge from the shade in the first televised debate of the election season.

While no clear winners emerged, the event did at least give a bit of the limelight to the candidates, whose lack of national recognition is one of their biggest handicaps against Mr Bush. The limelight is likely to swing away again this week, however, as Mr Cuomo is expected to make up his mind by Friday – the filing deadline for the February 18 New Hampshire primary, the first big vote in the race.

Instant assessments from Washington commentators suggested that Senator Bob Kerrey of Nebraska had gained the most from the debate, which was watched by an estimated 8m viewers.

Mr Kerrey, a youthful war hero who lost his leg in Vietnam, has fared poorly since he launched his campaign 2¼ months ago. He suffered when an ill-judged joke was picked up by a lurking microphone, and he has struggled to convey much of a message beyond his detailed plan for national health insurance.

His great strength as Nebraska's governor and then senator, however, was his ability to win popularity while espousing unpopular causes. In Sunday's debate, he showed a glimpse of this by proudly reaffirming his opposition to the Gulf war.

Political analysts also said Governor Bill Clinton of Arkansas, who has so far been front-runner among the Democrats, had failed to make much of a mark in the televised debate and appeared to be resting on his laurels.

Newspaper sampling of voters in New Hampshire and Indiana, however, suggested the opposite. Viewers interviewed by USA Today newspaper said Mr Clinton had given an impression of coolness by steering clear of the bickering that marked the debate.

The Clinton campaign's biggest victory, however, came in Florida, where Mr Clinton won 54 per cent of the votes in a straw poll of Democratic delegates, substantially outdistancing Senator Tom Harkin of Iowa, with 31 per cent, and Mr Kerrey, with 10 per cent.

Clinton: coolness

Cuomo: musing

The straw poll and the debate underlined the emergence of these three candidates as the Democrats' first division, with former California Governor Jerry Brown, Governor Douglas Wilder of Virginia and former Senator Paul Tsongas of Massachusetts playing in a junior league.

The debate shed little light on the economic issues that divide the candidates: efforts to discuss these were short-circuited by Mr Brown, who missed few opportunities to appeal raucously for cash contributions. "Brown was a real mess. He just put a monkey wrench into everything," commented Mrs Tiby Sharlin, a Washington Democrat who watched the debate.

Mr Brown is sometimes known as "Governor Moonbeam" for his dabblings in eastern mysticism and his sojourns with Mother Teresa in Calcutta, but his shrill rantings suggested he had learnt little about inner peace.

Venezuela sell-offs gather pace

State telecom company sale has given the privatisation programme a boost, reports **Joe Mann**

AFTER a lacklustre start, the Venezuelan government's privatisation programme appears to be gathering pace.

The programme, announced in 1989, recently scored a stunning success when an international consortium headed by GTE surprised the government – and virtually everyone else – by offering \$1.89bn (£1.05bn) for 40 per cent of the shares of the state telecommunications company, CANTV.

GTE, which has a 51 per cent interest in the consortium, bid approximately \$1bn more than the government's minimum price. Apparently, the group sees great possibilities for CANTV, which in the past has lost large sums of money: last year it reported an operating profit on revenues of some \$500m, but registered a net loss of \$71m due to losses in debt service and foreign exchange transactions.

On December 3, GTE and its partners – Telefonica de Espana; La Electricidad de Caracas, Venezuela's largest private utility; the Banco Mercantil group of Venezuela; and AT&T – finalised the takeover of CANTV shares, announced that the \$1.89bn had been paid to the Venezuelan government, and assumed operating control of the company.

The new owners face a formidable task. They are taking over a company that has been one of Venezuela's most inefficient, whose poor service has hurt economic development and caused huge problems for the population.

CANTV, with 20,000 employees, has about 1.5m telephone subscribers nationwide, and demand for new telephones alone has been estimated at around 4m. Making domestic and international calls in Venezuela is normally an exercise in frustration, as the system is poorly maintained and extremely congested. Those who lacked influence in the past had to wait up to eight years for a telephone line.

Before CANTV was sold, the administration of President Carlos Andrés Pérez had little to show in terms of selling state enterprises, to which it had given high priority.

At the time, the government had sold only three commercial banks and its main international airline, Viasa.

However, the pace of privatisation is expected to pick up briskly over the next year, as the government-owned Venezuelan Investment Fund (VIF) and its international advisers put a variety of companies on the block. These include another international airline (Aeropostal), a shipyard (Astinave), several hotels and a cable car, a cement company, sugar mills, and water and electric power concerns. There appears as yet to be no plan for the early privatisation of parts of CVG, the state's heavy industrial conglomerate.

Regional governments are also letting out management contracts for operating Venezuela's commercial ports.

The sale of 60 per cent of Viasa's shares brought the government \$145.5m and gave Iberia and its Venezuelan partners operating control over a company with a spotty record of profits and service.

Although the deal represented the privatisation of an important state asset, it was disappointing. Perhaps a dozen international airlines had expressed interest in buying control of Viasa, but only one consortium – Iberia and Venezuela's Banco Provincial group – tendered last August. The disappointment was clearly erased in the euphoria of the CANTV bidding, which attracted two consortia.

But Viasa now faces a challenge from pilots, who went on strike on November 24, forcing all flights to be cancelled. The company says the strike, in pursuit of a rise in basic wages of more than 300 per cent, is costing \$1.35m a day.

Privatisation began slowly for a number of reasons. First, the VIF had to make a list of government properties that might be sold, overcome any legal problems associated with privatisation and decide on priorities and bidding procedures. The inventory alone presented a big problem, since past governments in Venezuela had no clear idea of what the state actually owned.

The fund then had to face stiff domestic opposition that developed as the list of companies to be privatised – big generators of red ink and public services badly in need of reform – was made public.

The opponents included politicians, including some figures from the ruling government party, who worried about selling "strategic" companies such as the CANTV, especially to foreigners. The latter, for example, carries out electronic surveillance for the government.

Other opponents included groups who in some way benefited from the status quo.

However, the charge that the national patrimony is being sold for a pittance will have been deflected, at least in part, by the price obtained for CANTV at last month's auction.

Collor launches attack on critics

By Christina Lamb in Rio de Janeiro

BRAZIL'S President Fernando Collor de Mello launched a bitter attack on his critics yesterday in a desperate attempt to recoup some of his government's flagging popularity.

Returning from a trip to Rome to find his government mired in accusations of corruption over a billion-dollar plan to build integrated education centres where children would be taught, fed and given health care, Mr Collor yesterday called journalists together to defend this pet project against calls for its suspension.

Faced with a barrage of hostile questions Mr Collor insisted he would persevere with the programme, known as "My People Project", and said: "This is a courageous programme to help children who are dying of hunger, becoming prostitutes, thieves or drug addicts. It should be a national priority, he said.

He accused his detractors of "a campaign against our children and our future".

Corruption is the latest in a series of problems for Mr Collor. Ironically, while he has improved Brazil's image abroad in recent months, initialling a letter of intent with the International Monetary Fund for a \$2bn (£1.1bn) loan, Mr Collor's domestic popularity has dropped from 80 per cent 18 months ago to around 20 per cent today.

The government's tight monetary policy has provoked the worst recession for a decade and its planned fiscal adjustment is now under threat because of Mr Collor's failure to secure political support for a sweeping tax reform, needed if the IMF is to approve a loan. Due to go into recess on Thursday, Congress has refused to approve the federal budget.

Appearing haggard and under pressure, Mr Collor said he had reduced inflation from 1,500 to 500 per cent a year. He hit at business, saying: "It's easy to blame the government for their inefficiencies. Why don't they look at themselves?"

He said business in São Paulo provoked unemployment by putting up prices and "betting on a new shock plan".

"Until recently when a company had difficulties it could come to the presidency crying for an emergency operation such as cheap government credit. Well, that no longer exists. Those who are inefficient will collapse and should go and do something else such as starting a bar or a small shop," he said.

Menem faces fourth scandal of the year

By John Barham in Buenos Aires

ARGENTINA'S President Carlos Menem is facing his fourth corruption scandal of the year, following the allegation by an opposition newspaper that two presidential aides abused their positions to sell sub-standard powdered milk at inflated prices to a government child nutrition programme.

One of the aides, Mr Carlos Spadone, took leave of absence last week. He said his business dealings with the government were perfectly legal, but recognised they could be unethical. Pressure in the media is now growing for Mr Menem to sack Mr Miguel Angel Vicco, his private secretary, who is accused of colluding with Mr Spadone.

In January, Mr Menem purged half his cabinet after the press leaked a US embassy letter complaining of corruption. In March, the press carried reports from Spain that three officials, including Mr Menem's sister-in-law and appointments secretary, were implicated in an international drug money laundering scheme. In September, Mr Vittorio Orsi resigned as planning secretary after accusing officials of corruption in handling government contracts.

In each case, Página/12, a left-wing newspaper, was the first to report on the alleged misdeeds of Mr Menem's entourage. Página/12, founded in 1986, has doubled its average daily circulation to over 100,000 in the last year. But it is still operating on a shoestring even though it is now Argentina's third best selling newspaper.

Officials have ordered all departments to stop advertising in the newspaper. Mr Jorge Lanata, the editor, says government advertising makes up 25 per cent of its advertising revenue. On Sunday he printed a form for readers to send to the courts charging the government with "abuse of authority" and "crimes against press freedom".

Hopes for Haiti deal

By Canute James in Port of Spain, Trinidad

THE Organisation of American States has reported progress in its attempts to secure the reinstatement of Haitian President Jean-Bertrand Aristide, overthrown at the end of September.

Mr Christopher Thomas, OAS assistant secretary general, said a prime minister would be named soon who would be acceptable to Mr Aristide, the Haitian military which overthrew him, and the Haitian parliament.

Mr Thomas's statement coincided with reports from Port-au-Prince, Haiti's capital, that Mr Aristide, who is in exile in Venezuela, and a group of Haitian legislators, had agreed on a new prime minister.

There is still some doubt, however, whether the choice, Mr Victor Benoit, a school administrator and leader of a centre-left party, would be supported by the Haitian senate and, more significantly, by the military, the de facto authority in the Caribbean state.

Mr Aristide, a populist priest who a year ago won Haiti's first elections in 30 years, was overthrown after seven months in office. Members of the OAS, and several European countries, imposed an economic embargo on Haiti as part of an attempt to force the army to allow the president to return.

The army is not expected to drop its opposition to the president's return. There is also strong objection from the Haitian business community.

Israeli interest rate cut to boost immigration

By Hugh Carnegy in Jerusalem

THE Bank of Israel yesterday triggered a sharp reduction in interest rates, seizing on a fall in the rate of inflation to try to regenerate flagging growth and help stem mounting unemployment levels which threaten Soviet Jewish immigration.

Mr Yitzhak Shamir's government has been alarmed by clear signs that the economy is not expanding fast enough to cope with the accelerated flow of newcomers from the territories of the former Soviet Union on to the job market. More than 35 per cent of such immigrants are now out of work.

With an election next year, ministers are under political pressure to prove they can attract Soviet Jews, who are showing increasing reluctance to embark for Israel. But they are also under strong pressure to keep a tight rein on fiscal and monetary policy by Washington as a condition for $10bn (£5.5bn) in US loan guarantees needed to help absorb the influx.

In recent months Mr Jacob Frenkel, the former senior IMF official who took over as Bank of Israel governor in August, insisted on maintaining high interest rates to choke off demand for foreign currency and to squeeze down a surge in inflation.

On Sunday, latest inflation figures showed the consumer price index had risen by only one tenth of 1 per cent in November, the lowest monthly figure for five years. It confirmed a markedly downward trend since August when annual inflation was running at well over the 20 per cent mark.

Mr Frenkel immediately announced a 3 per cent cut in central bank "discount-window" lending rates for commercial banks, bringing the lowest rate to 12 per cent. The main banks followed suit, bringing relief to borrowers who had been paying more than 30 per cent for some facilities. Business overdraft rates were still likely to be 25 per cent or more, a Bank of Israel spokesman said yesterday.

There was a quick reaction on the Tel Aviv Stock Exchange where the main blue chip index rose 5 per cent on the day after losing more than 12 per cent of its value over the past month.

The fall in inflation was largely a result of a petering out of rampant house price inflation as a building boom closed the gap in housing demand caused by immigration. But the imminent peak in housing starts also contains bad news as government-induced construction has been the main source of 6 per cent growth this year.

Exports, supposed to be the growth engine, have declined. The public sector share of the economy, instead of declining, has risen slightly, with state spending accounting for 60 per cent of gross domestic product.

The rate of GDP growth is now forecast to dip slightly next year while the labour force is set to expand by more than 8 per cent. Overall unemployment is expected to rise to more than 12 per cent.

Chinese premier Li Peng waves as he leaves the Presidential Palace with Indian prime minister P.V.Narasimha Rao in New Delhi yesterday

LI PENG LEAVES INDIA WITHOUT AGREEMENT ON BORDER

LI PENG, the Chinese premier, yesterday ended a six-day visit to India with the two countries failing to narrow differences over key bilateral issues, David Housego writes from New Delhi.

Mr Narasimha Rao, the Indian prime minister, said after the visit, the first by a Chinese premier in 31 years, that there had been no significant progress on the border dispute which brought the two countries into conflict in 1962. They agreed, however, to pursue talks through officials and for their armed forces to establish closer contacts.

China insisted on including in the final communique a toughly worded statement over Tibet reflecting its fears that Tibetan exiles will increasingly use India as a springboard to widen their campaign against Chinese rule.

The communique said that China expressed concern at the "continued activities" in India of Tibetan exiles and that it was firmly opposed to independence for Tibet.

By contrast, India repeated its support for Tibetan autonomy while asserting that it did not allow Tibetans to engage in "anti-China political activities". To save embarrassing Li Peng during the visit, the Indian government arrested several hundred Tibetans who it feared might demonstrate against the Chinese premier.

It also agreed to permit the resumption of border trade that Tibetan exiles in India believe is economically damaging to them.

The agreement will allow exports to India from Tibet – thus competing with Tibetan products manufactured in India by Tibetan exiles.

Notwithstanding the reference to Tibet, India failed to extract from China any mention in the communique of Kashmir. India had sought Chinese condemnation of Pakistan's support in weapons and training of militant separatists in the northern state. The communique only contained a vague statement of China's belief that bilateral disputes should be settled peacefully.

Both sides also stuck to their established positions over proposals for declaring southern Asia a nuclear-free zone. China backed Pakistan in declaring its support while India dismissed it as leaving India at a potential disadvantage to China in nuclear capability.

Australia set to seek economic expansion

By Emilia Tagaza in Canberra

THE AUSTRALIAN Labor government has foreshadowed a shift to expansionary economic policies in an attempt to stay within budget forecasts on growth and employment.

Mr Ralph Willis, the federal treasurer appointed a week ago, said yesterday the government would issue an economic statement in the new year if the December economic results were worse than expected.

"I can see that we would be less likely to reach the budget forecast without a change of policy," Mr Willis said.

The November unemployment rate was 10.5 per cent, the highest jobless rate since the 1930s depression.

Mr Willis's announcement came at a time when Mr Bob Hawke, the prime minister, under great pressure to relinquish his leadership, is attempting to marshal support from Labor MPs.

The Labor caucus is to meet on Thursday and, while a leadership vote is not on the agenda, Mr Hawke will come prepared for a showdown. The announcement of the expansionary economic policy shift may ensure that he keeps the supporters that backed him in the June ballot.

Conservatives do well in Nigeria

Nigeria's conservatives received a strong boost in their party's quest for national leadership next year after a robust showing in state governorship elections, political analysts said yesterday, Reuter reports from Lagos.

The weekend elections, contested by two parties created by the military government and held in all 30 states of the federation, were a test of plans to restore civilian rule in late 1992 after national assembly and presidential polls.

Burmese army tightens grip

Burma's military rulers have further tightened their grip on the country by obtaining the expulsion of Ms Aung San Suu Kyi, the detained Nobel peace prize winner, from the party which she led, Our Foreign Staff writes.

The National League for Democracy won a landslide victory in elections last year even though she had been put under house arrest in July 1989. However, the ruling State Law and Order Restoration Council has remained in power, ignoring the election result.

Aids threatens 6m in Africa

Aids will kill more than 6m Africans in the next decade and will eclipse all other diseases as the continent's number one killer, a World Health Organisation conference was told yesterday, Reuter reports from Dakar.

Delegates also heard:

- There will be 4m infants born with Aids in the next 10 years;
- The disease is already decimating the most productive members of Africa's population and that in many rural villages entire families have died from Aids;
- In some African cities 80 per cent of hospital beds are already allocated to Aids patients, no fewer than 50 per cent of whom are suffering from tuberculosis.

Vanuatu elects new prime minister

Right-winger Maxime Carlot was elected prime minister of the South Pacific nation of Vanuatu yesterday through an alliance with Fr Walter Lini, the former premier, Reuter reports from Vila.

Mideast peace talks stay in a Washington corridor

ARAB-ISRAELI peace talks entered their second week yesterday, with chances for progress made uncertain by obstinate disputes over procedure and substance, AP reports from Washington.

Mrs Hanan Ashrawi, Palestinian spokeswoman, said her side had proposals to end an impasse between Israel and a joint Palestinian-Jordanian delegation and get the groups into the negotiating room. Leaders of the parties spent the first week in a State Department corridor trying to decide how to conduct their talks.

They returned to the same hallway yesterday, while Israeli delegations met separately with representatives of Syria and Lebanon.

The dispute revolves around a Palestinian demand to negotiate with Israel directly, separately from Jordan. Israel insists the Palestinians remain under the umbrella of a joint Jordanian-Palestinian delegation, breaking up into working groups for discussions of specific issues with Israel.

Mrs Ashrawi said the Palestinians will propose that all three parties meet in one negotiating room, but then immediately break into two groups to discuss separately Palestinian and Jordanian issues.

Egypt fearful of Iran's influence over Sudan

By Tony Walker in Cairo

EGYPTIAN officials are expressing concern about signs that Iran may be seeking to export its revolution to fertile ground in Sudan where Islamic extremists hold sway.

The four-day visit to Khartoum of President Ali Akhbar Hashemi Rafsanjani of Iran – a rare foreign foray for the Iranian leader who is generally considered to represent the more moderate face of the regime – has further deepened Cairo's worry about developments in neighbouring Sudan.

Mr Rafsanjani's speech at a mass rally, offering Iranian backing for the Sudanese people's "revolutionary adherence to Islam" has contributed to the growing unease among Egyptian officials.

A foreign ministry official said Cairo feared Iran's support for prevailing ideology in Sudan may encourage it to harden its position on issues such as Middle East peace and human rights.

Egypt is also worried about Iranian military support for Sudan which is engaged in a bitter civil war with southern secessionists. Mr Rafsanjani's delegation reportedly included a number of defence experts.

The Iranian leader's visit coincided with reports that Sudan was providing training camps for Islamic militants from across the Arab world. Iran was said to be involved.

Egypt's relations with Khartoum are crucial since its lifeblood, the Nile, flows through Sudan.

Cairo has been deeply troubled recently by chaos in Sudan and the coming to power of a military regime backed by Islamic militants.

Iran is reported to be offering Sudan, whose economy is in shambles, oil on concessional terms. It may also be providing some direct financial assistance. Libya was fulfilling that function, but has distanced itself recently under Egyptian pressure.

Libya, which is in danger of being further isolated because of allegations that its agents bombed a Pan Am jet in 1988, needs Egyptian support in dealings with the international community.

Japan gives 'foreigners' grudging acceptance

Japanese-Brazilians find a welcome in Oizumi's factories. Stefan Wagstyl reports

THE SIGN says "Tropical Vehiculos" in Portuguese above a second-hand car dealership in Oizumi, an industrial town on the edge of the sprawling mass of Tokyo. Nearby, a Brazilian supermarket stocks chocolate, guava jam and beer from São Paulo. Round the corner, stands a newly-built restaurant specialising in Brazilian-style beef.

These businesses serve a fast-growing community of Brazilian immigrants hired to ease crippling labour shortages in local engineering factories and workshops.

While Japanese immigration law forbids most foreigners from coming to work in Japan, it makes an exception of foreigners of Japanese origin, or *Nikkeijin*. The biggest group to take advantage of this loophole are the descendants of Japanese who went to Latin America before the second world war, most of them to Brazil.

Companies facing labour shortages have been so keen to hire *Nikkeijin* that the number of Latin Americans in Japan has soared in the last two years from around 20,000 to 150,000-160,000, according to Foreign Ministry estimates.

Oizumi has one of the biggest concentrations of foreigners of Japanese origin – about 2,000 people in a town of 40,000. It also has one of the best records in making its newly-arrived visitors feel welcome. The town's story shows how the efforts of a handful of individuals can go some way to counter even well-entrenched ignorance and ill-will.

By their own admission, many Japanese find it difficult to accept foreigners living among them. They believe their own history as an isolated island nation has left them ill-prepared to deal easily with foreigners.

Such attitudes become self-fulfilling – as the centuries-long discrimination suffered by Koreans living in Japan attests. "There is a sort of allergy to foreigners," says Yasuyuki Suzuki, a retired diplomat who now heads a national support association for foreigners of Japanese origin.

These prejudices run as deep in Oizumi as elsewhere. But an enlightened group of employers has gone some way towards making the immigrants from South American feel more comfortable than in many other parts of Japan. They have won the support of the town council for schemes to encourage the integration of *Nikkeijin* into Japanese life – including hiring Brazilian-speaking teachers for schools and inviting the *Nikkeijin* community to take part in town festivals.

Much of the credit for helping *Nikkeijin* to settle in Oizumi goes to Mr Katsumi Yonezawa, founder and president of Okayama Industry, a manufacturing company employing 100 people making seat cushions for railway carriages. Mr Yonezawa used to employ many Asians, including Pakistanis, travelling on short-term tourist visas. But in 1989, he correctly foresaw that a government review of immigration law would make it impossible to continue hiring Asians so he prepared to switch to *Nikkeijin*.

He flew to Brazil four times and recruited a local agent to channel immigrant workers to Oizumi. Using this direct link, Mr Yonezawa and other local employers were able to avoid independent recruitment agencies and other middle-men who have made life miserable for many *Nikkeijin* in Japan.

The biggest cause of irritation for *Nikkeijin* is exploitation by unscrupulous agents who lure workers with mendacious promises of high wages. Some charge fat front-end fees, often for spurious services such as securing airplane tickets and visas. A few agents are linked with *yakuza* – criminal organisations – particularly in industries such as construction where the *yakuza* have long played a part in supplying labour.

Housing also poses problems for immigrants. Japanese landlords are reluctant to rent accommodation to foreigners for fear that they might not be paid or their property damaged. Mr Yonezawa says he and other employers in his group try to persuade local people that *Nikkeijin* make good tenants. "But it is difficult, especially with absentee landlords in Tokyo."

Some agents respond to the housing shortage by placing too many people in cramped accommodation. A *Nikkeijin* worker in Oizumi says that up to 15 men sometimes share a single two-room flat with one bathroom and kitchen. In these circumstances, tensions rise, there are arguments and neighbours complain about shouting and fighting.

Town council officials say Mr Yonezawa's group has been careful to secure adequate housing. The employers are now building new blocks of flats because they cannot find enough on the market. For its part, the council has responded to the influx of *Nikkeijin* by hiring Portuguese-speaking teachers and publishing information in Portuguese.

Formidable difficulties still remain. Mr Yonezawa's group accounts for only about one-third of the Brazilians in Oizumi. Town council officials say other employers are much less scrupulous. Also, even immigrants who have good jobs and housing run into prejudice from a host of other sources – shopkeepers, neighbours, people on the streets. There are bars they cannot enter. "The children are sometimes singled out for bullying at school," says Mr Akira Iwase, a town planning department official.

Moreover, few immigrants can speak Japanese, nor are they familiar with Japanese customs. For example, a handbook for *Nikkeijin* points out that Japanese do not like open displays of emotion – the complete opposite of Brazilians.

While Mr Yonezawa is regarded as a father by many *Nikkeijin* in Oizumi, he argues that it is in Japanese employers' own interests to help immigrants. "We will never have enough Japanese to work in these factories again. Foreigners make good workers, just like Japanese. There's no difference."

According to the town council's opinion polls, few *Nikkeijin* plan to stay in Japan permanently. They see themselves travelling back and forth, investing their savings in Brazil in land or in a business. Miss Sandra Oshima, a 19-year-old from São Paolo, says: "Oizumi is not so bad but our hearts are in Brazil."

That may be true, but as long as the Japan's labour shortage remains acute, *Nikkeijin* will be drawn to the land of their ancestors. If the experience of immigrant workers in Europe is anything to go by, the *Nikkeijin*'s stays in Japan will get longer and longer. Already babies have been born to *Nikkeijin* couples in Oizumi. Future customers, perhaps, for Tropical Vehiculos.

Money supply growth eases industry fears of fund shortage

By Robert Thomson in Tokyo

JAPAN'S money supply in November expanded 2.5 per cent from a year earlier, easing concerns that the Bank of Japan's tight monetary policy is strangling the flow of funds to industry.

The expansion in November, the first in five months, followed a record low of 2.1 per cent growth in October, and central bank officials insisted yesterday that funds were available for Japanese companies wanting to borrow.

Japanese executives have complained that the banks' policies have led to an unnecessarily sharp downturn in economic growth, while central bank officials say that the economy is still recovering from the financial excesses of the late 1980s and is on course for a "soft landing".

Meanwhile, the Nomura Research Institute yesterday forecast that the Japanese economy will grow only 2.3 per cent next fiscal year, down from its forecast of 3.4 per cent growth in the year to end March 1992.

The institute, run by Nomura Securities, expects that interest rates will fall next year, but that private capital spending will be 1 per cent lower than this year.

Tokio Marine and Fire Insurance is more optimistic, forecasting 3.5 per cent growth this fiscal year, and a 2.9 per expansion next year. Meiji Mutual Life Insurance expects the economy to grow 3.6 per cent this year and argues that lower interest rates will result in growth of about 3.2 per cent next fiscal year.

WORLD TRADE NEWS

EC ministers back agreement to end tied aid

By David Dodwell, World Trade Editor

EC finance ministers yesterday backed an agreement among industrial countries not to mix aid with commercial credits as a way to win contract business in the developing world.

Agreement came as the deadline approached for ratifying a deal agreed in principle in October by members of the Organisation of Economic Co-operation and Development (OECD). By yesterday, the EC was the only outstanding signatory, with relief at the OECD's Paris HQ when agreement was confirmed.

The UK government, which has campaigned hard alongside the US and Canada for an end to "mixed credits", is understood to have "twisted arms to breaking point" inside the EC to win agreement, a European banker noted yesterday.

Apart from Japan, a significant user of tied aid to back export business, the prominent European users of such aid have been France, Italy and Spain. Critics say such use distorts free competition for some of the world's fastest growing export markets.

In future, any project deemed "commercially viable" will not be eligible for aid funds, and must rely entirely on commercial credits. OECD officials conceded yesterday it may be some time before they reach an effective definition of a "commercially viable" project.

Officials from 22 of the 24 OECD member states meet in Paris on January 27-29 to write up the rules, expected to come into effect in the first two months of 1992.

These will, for the first time, allow OECD members to vet in advance each others' aid projects to ensure fair play. The body in charge of refereeing the new rules will be an OECD committee, to be known as the consultations group. It will meet monthly in Paris and must be consulted on any officially-funded aid project worth more than SDR50m (£38.8m).

Political will boosts hopes of N America trade pact

Efforts by Bush and Salinas have increased prospects of a deal early next year, writes Nancy Dunne

THE ODDS in favour of a North American Free Trade Agreement (Nafta) shortened at the weekend when Presidents George Bush and Carlos Salinas de Gortari agreed to push hard for a pact early next year.

"We want to get it soon," Mr Bush said of efforts to reach an accord with Mexico and Canada. "We want to get it just as soon as we possibly can."

"We are marching ahead aggressively," added Mrs Carla Hills, the US trade representative. "The substance will drive the deadline."

Concern that Congress, with its Democratic Party majority, will reject the pact has been sidelined for the time. Trade officials say they expect a draft agreement with all disputed clauses enclosed by brackets to be concluded by the end of next month.

Progress after that depends on five factors:

- The negotiators themselves and how swiftly they sort out their differences over sensitive issues such as rules of origin, a dispute settlement mechanism and foreign investment in the Mexican energy sector.
- The ability of the negotiators to satisfy congressional demands for environmental and labour-rights agreements and President Bush's ability to come up with a worker-adjustment programme. Without these, Congress appears certain to reject a Nafta next year.
- The Democratic presidential candidate and whether he, like Arkansas Governor Bill Clinton, favours a Nafta, or, like Senator Tom Harkin of Iowa, campaigns against it.
- The recession and continuing concern over job losses.
- The outcome of the Uruguay Round of trade liberalisation under the General Agreement on Tariffs and Trade (Gatt). Should it succeed, the administration will be so absorbed in writing it, then, with Congress, implementing legislation and passing it, that there would be little time or energy left for the Nafta.

Mrs Hills insists both can be done, but with the Uruguay Round at a perilous point she is hardly likely to say otherwise. She is said to have argued strongly against launching the Nafta before concluding the round.

Ever since the November victory of Democratic Senator Harris Woffard, who campaigned against the Nafta in Pennsylvania, it has been the conventional wisdom in Washington that the Bush administration would manage to delay the talks until after the presidential election next November.

Salinas: a real commitment to push ahead

White House political advisers reportedly held a post mortem after the Woffard victory and decided that the Nafta had been a significant element in the Republican defeat. They fear the issue would "resonate" through the recession-spooked electorate.

"It would be hard for the average American to ignore the implication of job losses," said Mr Craig Merrilees, director of a coalition of environmental, consumer, labour and farm groups opposed to a quick Nafta.

However, rumours that US trade negotiators have been reassigned from the Nafta talks to the Gatt negotiations have been denied at the trade representative's office.

With Mr Pat Buchanan, the "America-first" political columnist, and Mr David Duke, the former Ku Klux Klan member, pressing President Bush from the right, the support of the business community is vital to his re-election. Many business executives are more excited about the prospects of a Nafta than a revitalised Gatt. They see the Latin American markets as a natural target for US trade expansion.

Some argue that the Pennsylvania senate race provided a lesson on how not to campaign on the Nafta.

The president has already committed himself to free trade with Mexico, and he would look weak if he seems to be back-pedalling. The president is being advised that his best option is to make a strong case for the Nafta – that jobs would be created through increased exports to Mexico. The president could point to the healthy growth in US exports to its southern neighbour – $1.2bn in 1990 – and the building trade surplus this year. He can argue that it is better that cheap labour jobs go to Mexico, which uses its earnings to buy US goods, than to Taiwan or Thailand.

This is also an issue likely to win votes among Mexican Americans.

Congressman Bill Richardson, a New Mexico Democrat, is urging the president not to delay on the Nafta but to include it as part of his economic growth package when he makes his state-of-the-union address next month. A postponement would send "the wrong message" to Latin American countries, lined up for FTAs, and delay formation of a North American free trade block which could compete against a united Europe and a Pacific rim trading block, he argues.

There are many who see a natural fit between the US and Mexican economies – a marriage of high technology and capital with low-wage labour, an ageing population with a much younger work force – which offers both their best prospect for international competitiveness. It is a fit which does not exist with Canada, where both industrialised countries have similar living standards, educational levels, natural resources and technology.

But the governments of the US and Mexico are likely to press on. Because both firmly believe in the potential for gain, there exists an advantage the Uruguay Round has lacked – the "political will" and the real commitment by the leaders involved.

Dunkel to act on EC-US farm row

By William Dullforce in Geneva

WITH the EC and US still unable to resolve their differences over farm subsidies, it seemed increasingly likely yesterday it would be left to Mr Arthur Dunkel, director-general of the General Agreement on Tariffs and Trade, to propose compromises. Mr Dunkel has said he would table final draft accords on all areas of the Uruguay Round trade talks on Friday.

President George Bush exchanged letters on the farm issue with Mr Ruud Lubbers, the Dutch prime minister and current EC president, last week. EC officials said the two were intent on finding an understanding for completing the Uruguay Round talks.

But, despite intensive talks here among the eight main farm-exporting blocs, EC and US officials said there had been no convergence of positions on the central issue of how to cut export subsidies and on the limits the US wants to set on EC subsidised exports on world markets.

A basic problem remains how far export subsidy cuts should be tied to budget outlays or product volumes exported. Mr Ray MacSharry, EC farm commissioner, has proposed that two thirds of the cuts be related to volumes and one third to outlays, officials say. But when the 35 per cent reduction over five to six years and the base period from which calculations would be made are considered, the cuts would not come down to the ceilings the US wants.

Mr Louis Mermaz, French farm minister, has criticised Mr MacSharry for exceeding his mandate with his latest proposals, and warned France would seek a joint meeting of EC trade and farm ministers immediately after the farm accord text is published. The active engagement of other countries in the farm talks is complicating the issue. Canada yesterday objected to the conversion of all import barriers into customs duties sought by the US and envisaged in the farm reform draft text tabled by Mr Dunkel last week.

This "comprehensive tariffication" would, in effect, make it impossible for Canada to keep its present agricultural supply management programmes. Japan, Korea, Norway, Switzerland and Israel backed the Canadian call for "carefully circumscribed exceptions". The US, the EC and the 13 other members of the Cairns Group of farm-exporting countries, to which Canada belongs, all agree to full tariffication.

In fact, only two days remain for countries to strike deals on the diversity of agreements under negotiation for the past five years. On Thursday, Mr Dunkel and the chairmen of the negotiating groups start writing their final texts to submit to delegations on Friday. The EC Commission has asked the trade ministers of the 12 member states to meet in Brussels on Monday to assess the package.

Brazil's economy overshadows common market talks

By Christina Lamb in Rio de Janeiro and John Barham in Buenos Aires

THE FOUR heads of state of the countries comprising Mercosul, a tariff-free common market for Latin America's southern cone grouping 200m people, meet in Brasilia today for a summit overshadowed by Brazil's economic and political instability.

Under the Treaty of Asuncion signed in March, Brazil, Argentina, Uruguay and Paraguay are pledged to create a free-trade zone with common external tariffs and co-ordinated trade policies by the beginning of 1995.

The treaty came into effect two weeks ago with the reduction of tariffs by 47 per cent. There has already been a large increase in regional trade and numerous accords signed on co-operation in many sectors of the economies.

Brazil, by far the largest member, has been the most aggressive in using the opportunity, doubling its sales to Argentina, as part of attempts to compensate for the shrinking of its exports to traditional markets such as the US.

However, Brazil's inflation has worsened sharply over the year and is running at over 20 per cent a month. The gap with Argentina, the second largest member, is growing larger: Argentine inflation dropped to 0.4 per cent in November and the country has eliminated nearly all trade barriers and lowered tariffs to between 3 per cent and 22 per cent.

Argentina is expected to press Brazil for greater speed in introducing economic reforms, seeing the economic problems in Brazil as a theat to the 1995 deadline. It is also likely to demand that Brazil reduce subsidies to private companies.

A Brazilian foreign ministry official yesterday shrugged off the criticism and said that, as a result of a meeting earlier this month between Brazil's President Fernando Collor and his Venezuelan counterpart, Mr Carlos Andres Perez, talks would begin early next year to discuss fusion of Mercosul with the Andean Pact, comprising Venezuela, Bolivia, Colombia and Chile.

Caricom sets new deadline

THE Caribbean Economic Community (Caricom) has set a February deadline for creating a customs union with a common tariff on imports from third countries, Canute James reports from Kingston. Caricom failed to have the tariff implemented by all members by October; Belize, St Kitts, St Lucia, Antigua and Montserrat have now pledged to meet the new deadline.

Japanese car dealers warn US

JAPANESE car dealers yesterday warned they would face losses if forced by trade pressure from Washington to stock US models, which they consider unpopular among Japanese consumers, Robert Thomson writes from Tokyo.

The Japan Automobile Dealers' Association told Mr Kozo Watanabe, international trade and industry minister, that members should decide what cars to sell, and opposed suggestions they should boost stocks of US-made models. The differences over cars will be stressed early next year when President George Bush visits Tokyo with executives from the big three US makers, GM, Ford and Chrysler.

Japanese officials fear the US will ultimately want to set a target for foreign share of the car market, just as both countries have agreed a target for foreign share of the Japanese semiconductor market - at least 20 per cent by the end of next year.

Recently, top Japanese car makers have dropped clauses from their dealer contracts requiring "consultations" before a dealer could stock a rival model. But little possibility exists of dealers stocking vehicles made by a competitor of its traditional supplier, which could threaten to limit new vehicle supplies.

Tension has grown because of the still-small US share of the Japanese market, about 0.5 per cent, and Japanese makers' growing share of the US car market, about 30 per cent. The US is also irritated by the relatively small sales recorded by US car parts makers in Japan. Tokyo awaits a US Commerce Department preliminary ruling, due on December 27, on claims that Japanese car makers having been dumping mini-vans in the US.

CD groups in copyright row

JAPAN's compact disc rental industry is in dispute with US record companies over the Japanese copyright law due to come into effect on January 1, Emiko Terazono writes from Tokyo.

The copyright law will give foreign companies the right to prohibit the rental of new CDs for one year after the release date. The Japanese CD rental industry, which has grown into an annual Y80bn (£345m) business, is arguing that the industry's existence will be threatened if record companies act on their rights.

The Recording Industry Association of America and the Japan Record Rental Commerce Trade Association failed to agree at talks in Tokyo yesterday. Mr Fumio Koide, of the Japanese association, said they were asking the US record companies to delay exercising the rights for three months.

BAe wins $450m deal for new jet aircraft

By Martin Dickson in New York

BRITISH Aerospace has won its first order, worth more than $450m (£250m), for a new derivative of its BAe 146 jet aimed specifically at US regional airlines.

The buyer is Business Express, the biggest regional airline operating in the US north-east.

Business Express said yesterday it had ordered 20 of BAe's new RJ70 aircraft. The UK company has designed the 70-passenger jet specifically for US regional carriers wanting to upgrade from turbo-prop to jet.

Deliveries will start in 1993 and the aircraft will be powered by the quiet LF507 turbofan engine, made by Connecticut-based Textron Lycoming.

The deal is the biggest for the BAe-146 family in over two years. Some 180 146s have been delivered, and this purchase will boost the order and option backlog to around 110 aircraft.

Mr Syd Gillibrand, chairman of the UK company's aerospace businesses, said it was a "breakthrough order" confirming BAe's belief that the 70-seater aircraft was a logical development for the US market. The company was looking at a number of other North American sales prospects.

Business Express serves 27 cities in the north-east US with nearly 500 daily departures, and is a partner of Delta Airlines, one of the three biggest US carriers. Mr Jim McManus, chairman, said it had chosen the BAe jet over rivals such as Canadair's RJ50, the Fokker 70 and the Saab 2000.

The aircraft only needs about 30 passengers to break even. Business Express wants to start operating a jet service before the new aircraft are delivered, therefore leasing five BAe 146-200s from the start of next March.

US engine order for Rolls-Royce

UNITED PARCELS SERVICE (UPS), the US courier company, has signalled a change in engine supplier by ordering up to $900m (£500m) worth of engines for its Boeing 757 aircraft from Rolls-Royce, the UK aero-engine maker. Previously, UPS specified US-made Pratt & Whitney engines for the same aircraft, Daniel Green writes.

"The industry is very competitive. Rolls-Royce gave us a better deal," UPS said yesterday. Rolls is supplying RB211-535 engines for 20 Boeing 757 aircraft. UPS has taken options for another 41 aircraft, all to be powered by Rolls-Royce.

The aircraft are scheduled for delivery for 1994-1997. If all options are taken up, two-thirds of the UPS fleet will be powered by RB211 engines. UPS already operates 25 Boeing 757 aircraft.

UK NEWS

CRISIS IN HOUSING MARKET

Pressure mounts on mortgage lenders

By Ralph Atkins, David Barchard and Alison Smith

THE GOVERNMENT put pressure on Britain's top 10 home loans and savings institutions yesterday to ease the crisis in the housing market by converting mortgage interest payments of distressed house owners into rents.

The institutions – known in the UK as building societies – were given a deadline of tomorrow by Mr Norman Lamont, the chancellor of the exchequer, to come up with proposals to match the government's pledge to pay income support direct to lenders.

Ministers were not satisfied at a meeting with building societies and insurance companies that lenders had shown sufficient willingness so far to take on responsibility for the rising number of repossessions.

Mr Lamont made clear that no substantial extra public spending was likely. But the government has offered to introduce legislation so that department of social security (DSS) benefits available for mortgage interest are automatically paid direct to lenders. The meeting will resume tomorrow.

High on the agenda are schemes for converting mortgages into rents. Although these would be financed by the building societies, the government would have to find some public funds for the extra housing benefit payments which would be incurred.

The meeting was described as positive but building society executives were doubtful afterwards about how far any schemes could go in reducing an expected 85,000 mortgage repossessions next year.

"They are trying to bluff us on the proposal for the DSS to pay income support direct to the lender and they are trying to extract promises from us on schemes they have not thought through," one lender said.

Mr Mike Blackburn, chief executive of Leeds Permanent, the fifth largest society, said the government was expecting the lenders to come up in two days with a cure for a problem created over two years.

"Despite their brassed-necked attitude, I am pleased that they [the government] have at last woken up," Mr Blackburn said. He stayed away from the meeting, which was attended by leading mortgage lenders and Royal, Eagle Star and Sun Alliance – three insurance companies which specialise in mortgage guarantees.

Mr John Major, the prime minister, has asked ministers to find a package before Christmas – almost certainly explaining the tight timetable as well as betraying mounting Tory anxieties at the damaging electoral cost of a flat housing market.

The government and building societies played down the scale of the problem, saying opposition claims that as many as 300,000 homes will be repossessed next year were exaggerated. The government said more than half repossessions involved were classified as "walk away" cases, where the owner hands over the keys to a building society voluntarily – albeit in desperation.

Mr Paddy Ashdown, Liberal Democrat leader, said the government was being "timid an indecisive". Mr Bryan Gould, Labour's environment spokesman, said the meeting showed the government still lacked "a single worthwhile idea of their own which will provide a lasting solution".

Mr Peter Birch, Abbey National chief executive, told the government that he was prepared to buy up properties in severe arrears and take them on to his books. Halifax, the largest lender, is also being pragmatic and has promised to start a small pilot scheme to convert some of its customers in arrears into tenants.

● Mr Michael Heseltine, environment secretary, yesterday announced a £7.5bn housing programme for next year – in line with this year's funding. Most of the funds go to the Housing Corporation and local authorities

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BRITAIN IN BRIEF

Prudential quits from UTA in public row

By Norma Cohen

PRUDENTIAL, the UK's largest life insurance company, has resigned from the Unit Trust Association (UTA) in a public row which has pitted one sector of the financial services industry against another.

The resignation stems from a scathing public attack on the sales practices of the insurance business by the association, in which it echoed the public sentiments of consumer groups and the private reservations of government regulators.

Several other leading life insurers which sell unit trusts say they too are considering resigning. They include Sun Alliance, Commercial Union and Norwich Union.

Life insurance companies were responsible for roughly 30 per cent of all retail unit trust sales in 1990, and 50 of the association's 140 members are life insurance companies.

The row stems from a paper the association submitted last week in response to regulatory proposals on disclosure and what is known as "polarisation" in the sale of financial services.

Polarisation, a key element in the Securities and Investments Board's regulation of retail financial services, requires sales agents to be either "tied" and limited to selling the products of a single company or "independent" and selling a range of products.

The SIB had said in its proposals that it was considering the de-polarisation of some products such as unit trusts – a move which would allow them far greater distribution channels than currently available for life insurance and other investment products.

Mr Keith Bedell-Pierce, chief executive of Prudential Financial Services, said the group resigned from the association not because of differences on de-polarisation but because the association criticised the sales practices of insurance agents.

He said Prudential had asked the association to alter its language before submitting the paper to the SIB, a request which had been refused.

In a submission to the SIB last week responding to new proposals, the association argues that unit trust sales should be de-polarised because the product differs vastly from life insurance.

In a statement, the association said it regretted the resignation but felt the group had to represent the interests and views of the unit trust industry.

Security clampdown: armed police officers patrol Heathrow airport following yesterday's security scare

Transport chaos in London after bomb blast

THOUSANDS of London commuters faced long-delays yesterday as a bomb and telephone threat disrupted the capital's rail and underground system write Jimmy Burns, Neil Buckley, and Robert Morgan.

In the City, the Stock Exchange, which was damaged by an IRA bomb in July last year, was evacuated for two hours following a bomb warning, which included a known IRA codeword. Trading through the central computing system continued.

The bomb exploded just before 6am near Clapham Junction railway station in south London, one of the busiest stations in Europe. No one was injured. A warning from a man claiming to be from the IRA was also given that bombs were placed at all London mainland stations, forcing officials to close every main line terminus and several underground stations while searches were undertaken. Most stations were reopened by around 9am.

The IRA action forms part of a continuing bombing campaign both on the mainland and in Northern Ireland which appears to be intensifying in the run-up to Christmas.

Over the past two weeks, the IRA has carried out fire bomb attacks in north and north-west England, as well as in London. At the weekend there were firebomb attacks at a shopping centre in north London and at the National Gallery.

In a interview to be screened tonight the head of Scotland Yard's anti-terrorist branch, Commander George Churchill-Coleman, claims that the security forces are "winning the fight against the terrorists". He claims that a great deal was going on "behind the scenes" to prevent "incidents like you've seen recently taking place at all".

Wrappers come off new scheme for Hyundai cars

By John Griffiths

KOREAN-built Hyundai cars are to be delivered "shrink-wrapped" to UK dealers from the start of next year in a bid both to raise the standard of cars delivered to customers and increase dealer profitability.

The system is being adopted by Hyundai Car Distributors (UK), a wholly-owned subsidiary of the International Motors group. IMG also imports and distributes Japanese Isuzu and Subaru vehicles to the UK.

The scheme, believed to the the first of its kind, involves ending the traditional pre-delivery inspection and preparation of a car by the dealer.

Instead, cars arriving from Korea at a new preparation centre within Hyundai's UK import terminal will be de-waxed, have mechanical or body faults rectified and valeted before being sealed in polythene for delivery by transporter.

Dealers will only have to carry out a safety check. Hyundai general service manager Mr Roy Marshall said dealers will be able to employ workshop personnel on more profitable retail maintenance and repairs rather than preparing the cars for sale.

The scheme is seen as also helping Hyundai expand its UK sales next year. Models are sold primarily on their relative cheapness compared with equivalent European or Japanese models.

Company insolvencies to 'rise by 17% next year'

By Andrew Jack

THE NUMBER of insolvencies will rise by nearly 17 per cent to 70,000 next year in further evidence of the prolonged effects of the recession, according to projections released yesterday by Cork Gully, the insolvency arm of Coopers & Lybrand Deloitte.

The rate of growth in insolvencies will decline to 16.75 per cent in 1992 from a peak of about 60 per cent over the past two years. However, the total number will continue to rise to 70,363, the firm's 1991 annual review concludes. It estimates that there will be 60,623 insolvencies for the current year, compared with 37,831 during 1990. The figures are roughly evenly split between companies and individuals.

There has always been a lag between the end of the recession and the decline in insolvencies, partly caused by the reluctance of lenders to grant credit during recovery.

Cork Gully has seen the number of receiverships and administrations rise by 50 per cent in the ten months to 31 October, with similar increases among the other major insolvency practices.

It said the record number of failures was fuelled by both the recession and the end of the credit expansion which characterised the 1980s.

It supports a series of changes in current insolvency practice, including the abolition of all preferential claims among creditors.

BT loses test case over wrist injuries

BT has been ordered to pay damages and costs to two former keyboard operators who suffered Repetitive Strain Injury (RSI) in a test case which could have widespread consequences throughout British industry.

The two women, who keyed in data at high speed for invoices, accounts and telephone bills, worked for BT between 1979 and 1984. They were awarded £6,000 damages each for pain and suffering, plus £660 in interest. The court has yet to decide how much should be paid out to the women in compensation for loss of earnings. BT was ordered to pay the costs of the case, estimated at about £100,000.

RSI, which predominantly affects arms and hands and can cause severe pain and disablement, used to be associated mainly with manufacturing jobs. However, it is now being increasingly linked to keyboard work. Journalists at the Financial Times are considering industrial action after the paper's management proposed retiring nine RSI-sufferers compulsorily on health grounds.

Funding boost for research

An increase in the UK science budget will allow a range of new research projects to go ahead over the next three years, according to the government.

Their subjects include genetic and neurological diseases, the chemical language by which animal and plant cells communicate with each other, and the natural processes which transport materials between oceans, land and the atmosphere.

Mr Kenneth Clarke, education and science secretary, announced that the government had accepted the advice of its Advisory Board for the Research Councils on dividing up the science budget, which is to rise from £927m in 1991/2 to £1.05bn in 1992/3 and £1.27bn in 1994/5.

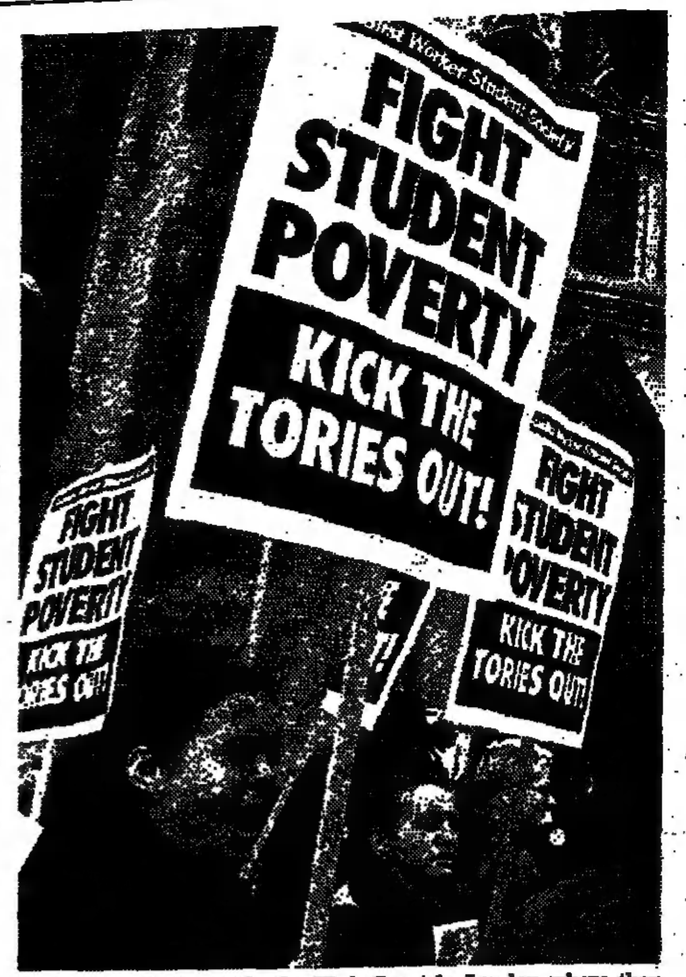
Upjohn appeal

Upjohn of the US has said it plans to appeal against a recommendation by the Committee on Safety of Medicines to revoke the product licence for its Halcion, the world's most widely prescribed drug for sleeping disorders.

Liberals back school reform

The centrist Liberal Democrats have backed the government's controversial campaign to encourage schools to "opt out" of local authority control, on condition that responsibility for funding and regulating opted-out schools was shifted from central to local government.

In a policy statement on the future of local education authorities (Leas), Mr Matthew Taylor, the party's education spokesman, said: "our aim is to enable all schools to enjoy the freedoms of those who have opted out." Opted-out schools have full control over their budgets and staffing, but their funding is fixed by the education department.



Students protest outside the High Court in London where they were taking legal action over the alleged freezing of government grants and staffing cuts at universities and colleges

Doctors face higher costs

Family doctors and dentists in the UK face steep increases in the cost of cover from the two main medical defence bodies against damages claims.

The Medical Defence Union announced that its Class 1 subscription rate for general practitioners (GPs) will increase from £960 to £1,095 in January – a rise of 14 per cent. The Medical Protection Society has already announced a 15 per cent increase, from £930 to £1,065.

The MDU reports a "significant increase" in claims against its GP members: the number of new files opened has increased by over 50 per cent.

Bidder for privatised port

Powell Duffryn, the distribution, engineering and construction materials group, last night emerged as the recommended bidder for the port of Tees & Hartlepool, the first of Britain's trust ports to be privatised.

The decision means defeat for the management/employee consortium and two other companies which had vied for control of Britain's second busiest cargo port.

The Department of Transport said Mr Malcolm Rifkind was minded to accept the port authority's recommendation, but could not give his final assent until parliament had passed an order providing for the government to claw back a portion of any property profits.

Greenwich sued over software

The London Borough of Greenwich is the latest UK organisation and the first local authority to be sued for allegedly stealing computer software by copying programs illegally.

Two leading US software companies, Lotus Development Corporation and Xtree, have issued a writ in the most recent move in a worldwide campaign aimed at eliminating illegal practices said to be costing software companies $12bn annually. Lotus markets the best-selling 1-2-3 spreadsheet program; Xtree a series of utilities for managing computer files.

The Business Software Alliance (BSA) and the Federation Against Software Theft (FAST), acting on behalf of the two software suppliers, said seven offices occupied by Greenwich's Housing Directorate were searched on court orders earlier this month. Some 35 personal computers were inspected and, BSA and FAST say, "copied software was found on virtually every one".

Building plan for Stansted

Countryside Properties has been granted planning permission to build 2,000 new homes and a 400,000 sq ft business park on 450 acres at Braintree in Essex, close to Stansted Airport, London's third airport. The scheme will represent one of the largest developments ever to be undertaken by Countryside.

Workers face pay freeze

Up to 10,000 workers employed by foundry companies and appliance manufacturers face 12-month pay freezes or low rises after the National Metal Trades Federation proposed a standstill in the "minimum time rate" for employees until the end of next year.

Minimum time rates are the lowest that can be paid by members of the NMTF. They are traditionally used by companies and unions as a benchmark for rises that are negotiated at company level. They also have an effect on overtime pay.

Recession hits NAO move

Plans by the National Audit Office (NAO), the public spending watchdog, to transfer a large number of its staff to new regional offices have been delayed for at least two years because of the property slump.

Sir John Bourn, controller and auditor general, had drawn up plans for financing a new building in Leeds from the disposal of a third of the NAO's London premises. However the Public Accounts Commission delayed the plan after it concluded the London premises would not raise as much as originally envisaged.

Industry finds no glad tidings in economy

After a tough year signs of an upturn are still eluding business, writes Peter Marsh

FROM plastic bags to printing and from building to bingo, UK industry is looking hard for the economic upturn, but so far has failed to spot it.

While some parts of the advertising sector and road-haulage sectors can see glimmers of light on the horizon, representatives of other large industries believe the recovery is unlikely to occur until the spring at the earliest.

This finding is likely to embarrass Mr Norman Lamont, the chancellor of the exchequer, who has repeatedly promised an imminent end to the recession. In April, he said recovery was "round the corner". Detailed soundings from industry indicate that the firm orders which many expected to follow the greater business optimism of the early autumn have, in many cases, failed to materialise.

Companies in several sectors in which sales patterns give an early warning of economic changes report little sign of a take-off in demand.

Such industries include chemicals, printing, engineering components, distribution and packaging. They sell to a broad range of customers, and in previous recessions have received advance orders well before the recovery occurs. In housing and construction, key industries on which many other sectors depend, demand remains stagnant.

At specialist engineering company TI, Mr Michael Garner, finance director, said: "Order books are still depressed and it is difficult to see an end in sight [to the UK recession]." The company sells to industries including food processing, vehicles, energy, and petrochemicals.

Mr Gordon Senior, finance director at speciality-chemicals maker Allied Colloids, said: "We are emerging from recession more slowly than the politicians would have us believe." Allied Colloids' customers include companies in water treatment, packaging, paints and plastics.

The picture is similar for the £8bn-a-year printing sector, which relies for orders on industries including advertising and consumer products. Ms Daphne Connelly, economic adviser at the British Printing Industries Federation, said: "Many of our members think 1992 will be a re-run of 1991."

There is a slightly brighter outlook in some parts of the advertising sector. The Advertising Association, the main trade body for the £9bn-a-year industry, reports that revenues from TV advertising are likely to show a 1-2 per cent increase in real terms in the fourth quarter, compared with the same period in 1991. That would be the first quarter-on-quarter upturn since last year.

TV advertising is regarded as a good lead indicator of changes in the economy, as it reflects the views about demand by makers of many types of fast-moving consumer goods. According to Mr Michael Waterson, research adviser at the association, other types of advertising such as display and recruitment are likely to pick up later in the cycle, probably by mid-1992.

Road transport users, however, appear to be showing less optimism after a brief spurt of confidence in the autumn. The Freight Transport Association, which represents 13,000 companies including large manufacturers such as Shell, J. Sainsbury and ICI as well as smaller distributors, says the picture is mixed but that "confidence in the past few weeks has been dented".

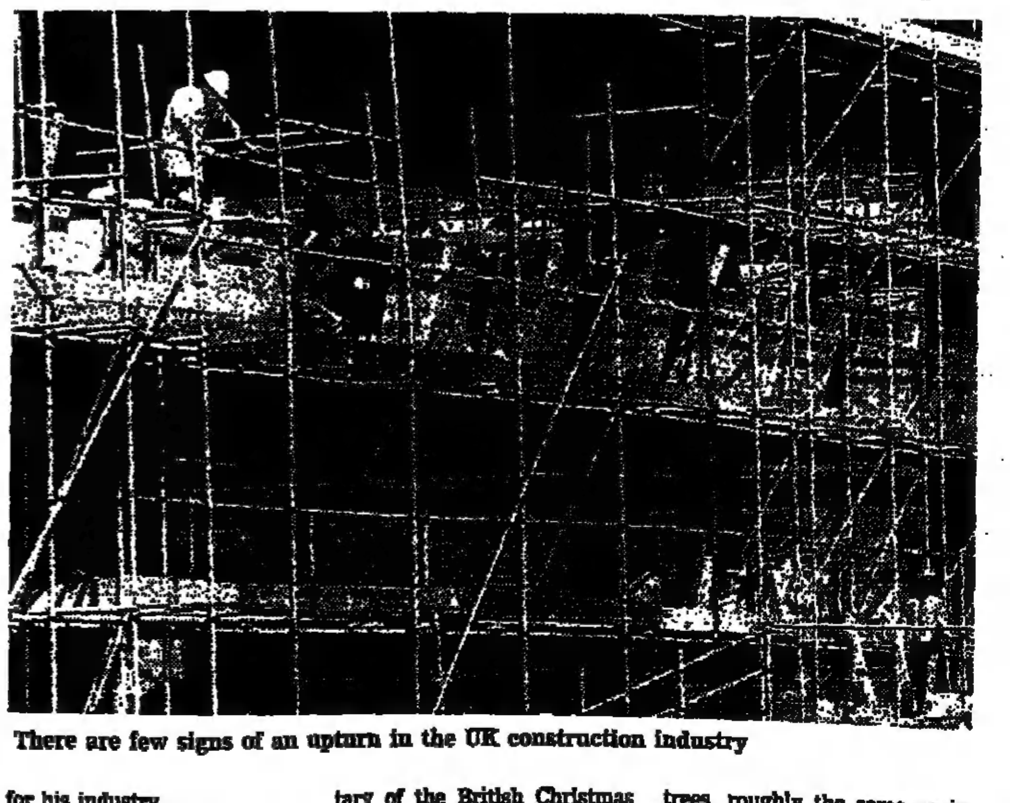
PARCELINE, a big distributor of packages on behalf of retailers has over the past few weeks delivered about 85,000 parcels a night, 10,000 down on what it was expecting in what is normally a busy period just before Christmas. Mr Robin Davies, marketing director, said: "I think the next few months will be flat, and we won't see any upturn for six months at the earliest."

Mr Cameron McLatchie, chairman of British Polythene Industries, a maker of polythene bags and other packaging materials, says that demand from many of his customers in areas such as building, agriculture and manufacturing is "abysmal", even though retailers are still buying in large volumes. The British Plastics Federation, which represents a £10bn-a-year plastics sector selling in areas such as packaging, vehicles and consumer goods, said: "We are getting no optimistic reports".

There are few signs of life in the housing market, according to Mr Gary Styles, senior economist at Halifax Building Society, while at Building Design Partnership, one of Britain's biggest architectural practices, the mood is bleak. "I can't see anything which indicates we have even yet touched the bottom," says Mr Christopher Ratcliff, a partner.

The gloom demand has even spilled over into bingo parlours, largely untouched by previous recessions.

Mr Michael Gilligan, joint managing director of Gala Clubs, which is owned by Bass and is one of the country's two biggest bingo groups, said admissions to his company's 170 bingo halls have in the past two months increased by 4 per cent compared with the same period last year, instead of the 10 per cent that would be considered normal in the traditionally booming autumn period for his industry.

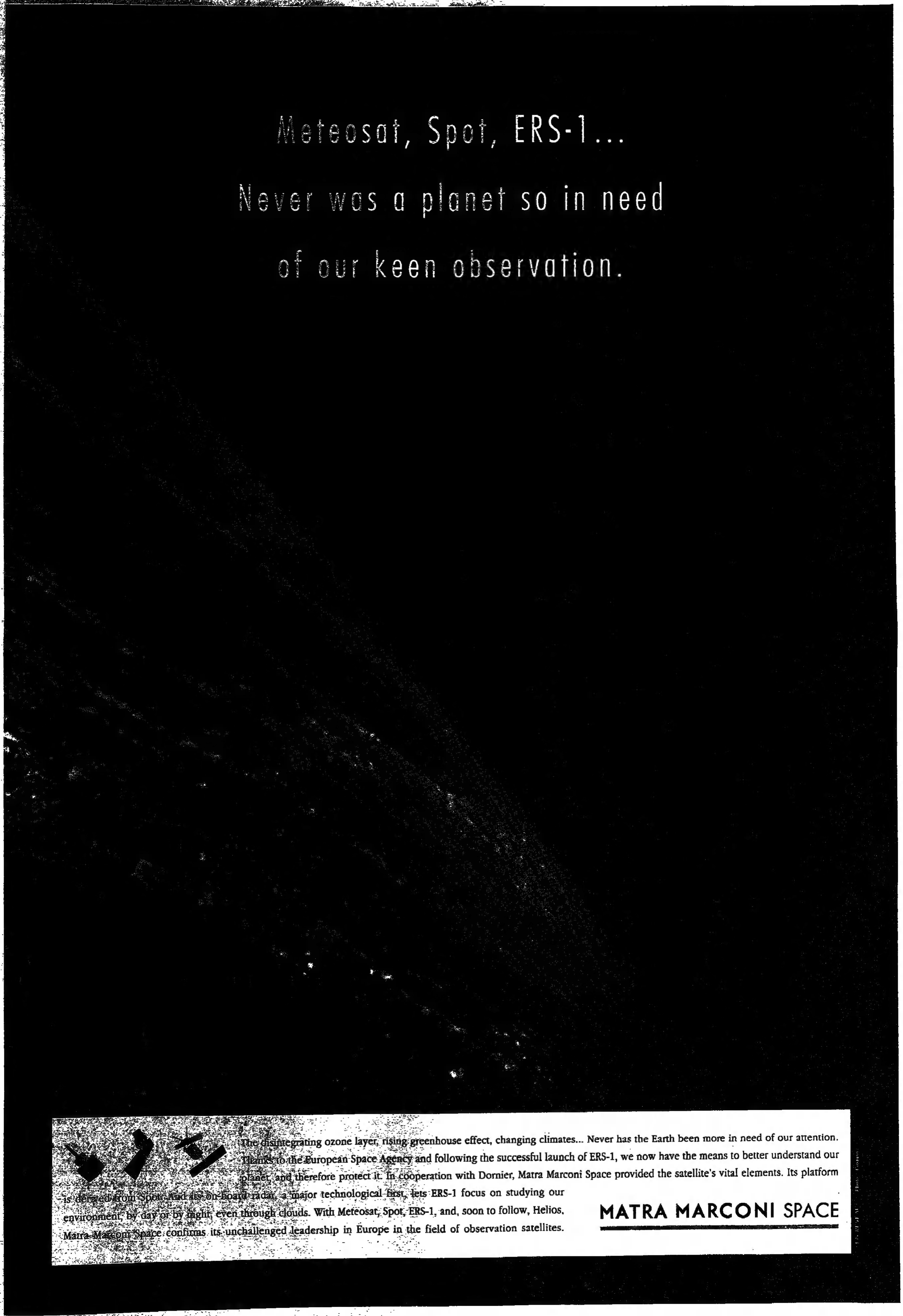


There are few signs of an upturn in the UK construction industry

But if most industries appear down, Mr Lamont can gain some hope from the market for Christmas trees.

Mr Tony Richardson, secretary of the British Christmas Tree Growers' Association, said retailers had expressed strong interest in the products, and had bought from UK growers and importers about 5.5m trees, roughly the same as in 1990. "We believe that demand for Christmas trees is still strong, whatever the state of the economy."

Lex, Page 18


Meteosat, Spot, ERS-1...
Never was a planet so in need
of our keen observation.
The disintegrating ozone layer, rising greenhouse effect, changing climates... Never has the Earth been more in need of our attention. Thanks to the European Space Agency and following the successful launch of ERS-1, we now have the means to better understand our planet, and therefore protect it. In cooperation with Dornier, Matra Marconi Space provided the satellite's vital elements. Its platform is derived from Spot. And its on-board radar, a major technological first, lets ERS-1 focus on studying our environment, by day or by night, even through clouds. With Meteosat, Spot, ERS-1, and, soon to follow, Helios, Matra Marconi Space confirms its unchallenged leadership in Europe in the field of observation satellites.
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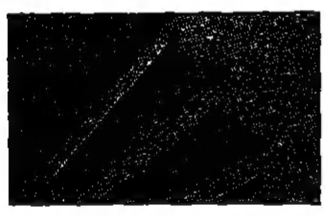

According to your taste and budget, there's a selection of cover bindings to choose from – rich black leather, burgundy *bonded leather or black leathercloth.

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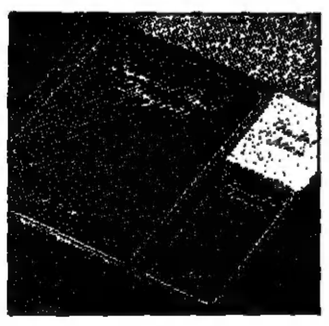
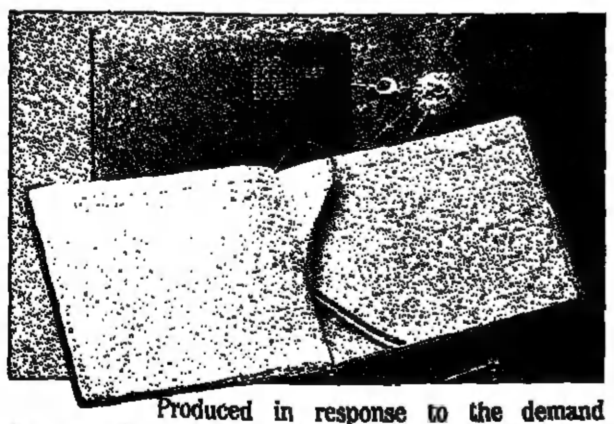


For those wanting the ultimate in quality and craftmanship, there's the **FT Chairman's Set.** Comprising a matching desk and pocket diary, it is bound in rich brown leather with fine gold tooling on the cover and comes complete in its own presentation box.

THE FT PINK DESK DIARY



Produced in response to the demand for a smaller, more portable FT diary, the **FT Pink Desk Diary** with its FT-pink pages is quite unique. Its distinctive size and shape make it equally at home on a desk or in a briefcase. Although compact, it contains a wealth of business information, and its innovative page a day layout allows ample space for each day's notes and business expenses. It is covered in black *bonded leather.

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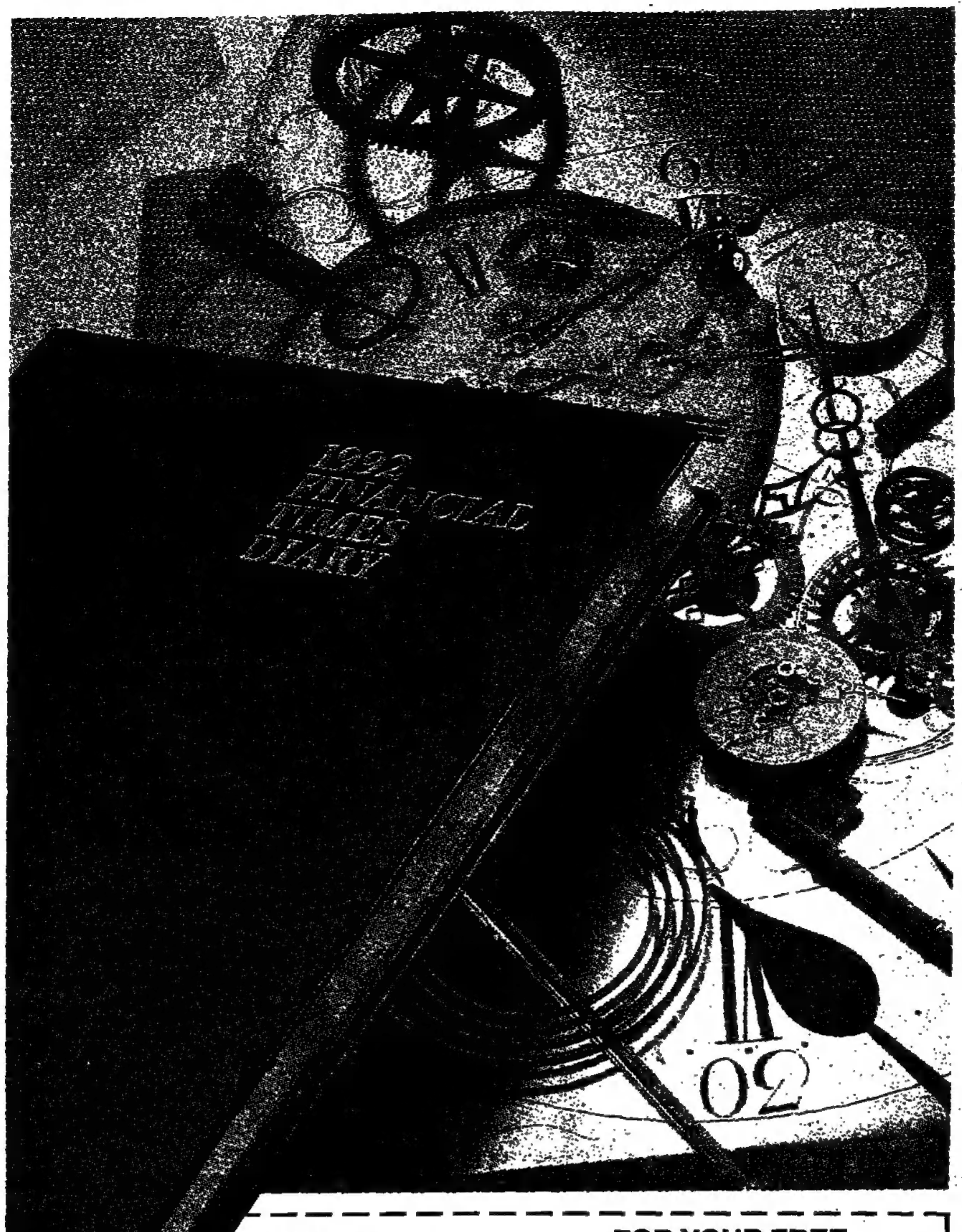

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FT Pink Pocket Diary	PP		13 34		11 80		11.50		12.25	
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PERSONALISATION										
Initials only (up to 4 characters)	I		2.47		2.10		2.10		2 10	
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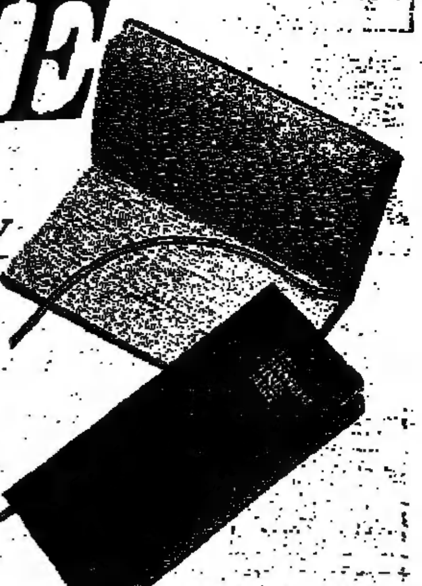
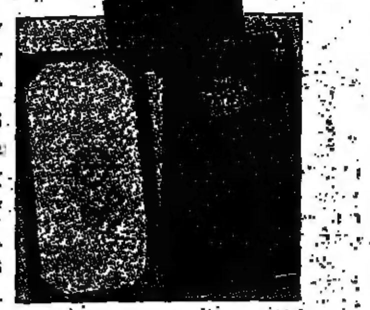
THE FT PINK POCKET DIARY



The **FT Pink Pocket Diary** with its unique week to view landscape format has the same information as the FT Pocket Diary and is hugely popular. It is covered in black *bonded leather.

THE FT WALLET DIARY



The **FT Wallet Diary** features the FT Pocket Diary bound into a black leather wallet with gilt corners. Its discreet good looks are further enhanced by a black moiré silk lining and a handy notepad. There's more than adequate space for receipts and bank notes of all denominations.

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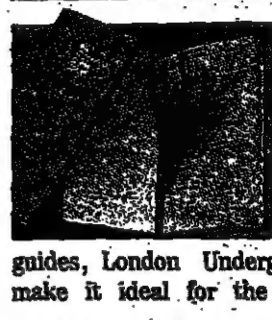

The **FT Slimline Pocket Diary** slips easily into your pocket.
It has a fortnight to view format and is bound in black *bonded leather with FT-pink paper and matching ribbon. The new overseas and UK information guides, London Underground, city and west end maps, make it ideal for the executive on the move.

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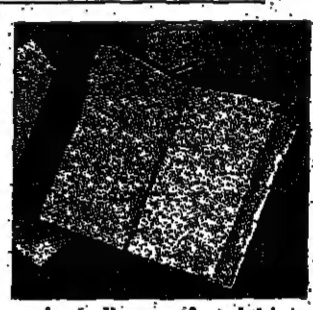

Beautifully produced with a black or burgundy leather cover, the **FT Personal Organiser** has 25mm gilt rings and ample pocket space for papers, bank notes, and credit and business cards. There are FT-pink card dividers which indicate the five fully comprehensive paper sections, including a fortnight to view Diary, Notes, Expenses, Addresses and Information (maps, UK and overseas business centres guides and other useful facts). Refill packs are available.

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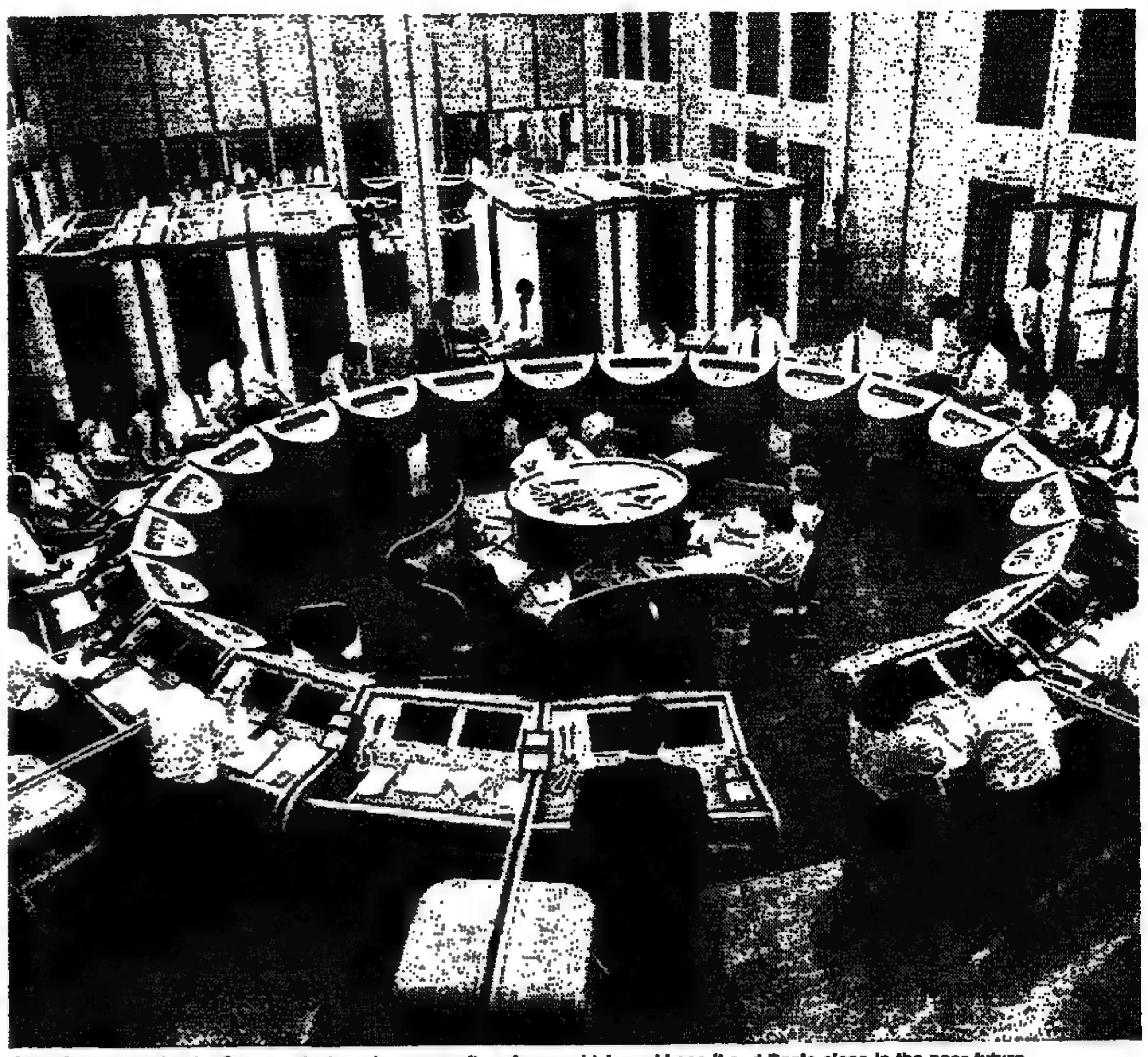
A FINANCIAL TIMES SERIES: Part 12

EUROPEAN FINANCE AND INVESTMENT SWITZERLAND

Outlook fair but uncertain

Interim reports from the big Swiss banks which indicate a recovery in operating earnings this year have given heart to the financial community. However, there is room for caution as doubts about Swiss competitiveness remain. William Dullforce reports



Squaring the circle: the Geneva stock exchange awaits reforms which could see it and Basle close in the near future

THE [illegible] financial and investment barometer [illegible] the end of 1991 is set on variable; a mixture of sun and cloud prevails while the longer term outlook is fair but by no means certain.

Interim reports from the big Swiss [illegible] have signalled [illegible] strong recovery in operating earnings from last year's unexpected profit [illegible]. The recovery may reach record levels. Margins have improved, particularly on foreign lending; the switch by investors and savers to safe and high quality placements after the speculation of the 1980s has benefited the Swiss. The BCCI and Maxwell disasters have not carved troughs in Switzerland.

The banks have [illegible] that net earnings will be affected by [illegible] provisions, mostly to cover risks on mortgage lending which have been compounded by steep falls in property values.

Switzerland has experianced its own financial scandal in the collapse of Mr Werner Rey's Omni company, the repercussions of which have proved to be more extensive than expected. A small cantonal bank is in its death throes and the viability of several regional banks is at stake. Grist has been added to the mill of those who have been forecasting the disappearance through takeover or merger of a 100 or so of the 630 banking establishments in Switzerland.

More in the international limelight has been the announcement by Moody's, the credit-rating agency, that it was placing Credit Suisse on its watch list for possible downgrading from its triple-A ranking. If, against Swiss expectations, this should happen, it [illegible] be regarded [illegible] confirmation of the [illegible]tion in competitiveness of the Swiss financial centre. The triple-A status of the Big Three – Union Bank of [illegible] (UBS) and Swiss Bank Corporation [illegible] other two – is the hallmark of the quality of Swiss financial services.

Doubts about Swiss competi[illegible] this year by assessments showing that an increasingly large proportion of trading in the shares of leading Swiss companies is being conducted in London. The volume of participation certificates of Nestlé, the foods group which has the largest market capitalisation among Swiss companies, traded in London during the first 10 months of the year was almost equal to that traded on the Swiss bourses. The volume of trading in Nestlé registered shares in London reached 74 per cent of the Swiss volume over the same period.

In the political and broader economic sphere the mood in Swiss financial circles is one of concern and uncertainty about the future. Two national referenda which will have a significant impact on Swiss financial prospects are scheduled for the end of next year.

The first will determine Switzerland's future relationship with the European Community. Voters will approve or reject the agreement to form a European Economic Area (EEA) reached by the EC and the European Free Trade Association (Efta), of which Switzerland is a member. A majority among the 23 cantons is required as well as a majority of [illegible] voting. However, [illegible] cantonal majority is doubtful.

Bankers back the EEA as a stepping stone to full Swiss EC membership but are upset by the Community's [illegible] allow the Efta countries to participate [illegible] consultative committee on banking which elaborates EC banking directives.

At stake in the second referendum [illegible] stamp duty on securities trans[illegible] which has been [illegible] principal target of attack by the Swiss financial community for the past few years. Victory appeared to be in sight when the federal parliament this year approved a partial revision of the charges but the Social Democrat party, backed by environmentalists, [illegible] to force a referendum on the parliamentary decision.

Stamp taxes not only penalise transactions in securities done on behalf of foreigners in Switzerland; they have hindered the development of Swiss short-term financial markets and severely curbed secondary trading in bonds. If the electorate agrees, revision of the stamp duty could be effective from the beginning of 1993 and open the way for the market making in shares which is still lacking on [illegible] exchanges.

The [illegible] on [illegible] stamp duty will [illegible] the bankers' ability to put across a case which in [illegible] context of [illegible] national competition [illegible] incontrovertible. They [illegible] not in a very favourable position. [illegible] in mortgage [illegible] and by [illegible] in housing rents which they have imposed over the last two years have not increased [illegible] popularity.

If they were to announce record 1991 profits next spring [illegible] lowering of mortgage rates, they could find themselves fighting an uphill campaign to convince voters that a partial scrapping of stamp charges is necessary. If they lost, the bigger banks would simply do more business [illegible] even the pragmatic [illegible] not [illegible] in a mood to bow to [illegible].

In fact, the banks face a real financing problem. The days when they could count on acquiring cheap deposits from docile savers and could even charge negative interest on [illegible] by foreigners are past. One effect of the deregulation in international banking in the 1980s has been to make Swiss [illegible] more sophisticated about the return on their placements, while foreign investors no longer [illegible] a Swiss franc deposit as [illegible] sure hedge against exchange rate risks and inflation. The big banks have managed to improve margins this year mainly by increasing [illegible]ding abroad.

Domestic inflation and high interest rates are another cause for unease. Consumer prices have doggedly pursued an unexpectedly high growth trend by Swiss standards for most of the year and Mr Marcus Lusser, president of the [illegible] National Bank (SNB), did not improve investors' confidence when he announced in late October that he did not foresee any rapid decline in interest rates. In early November the average yield on Swiss government bonds hit a high of [illegible] cent.

Mr Lusser aggravated [illegible] situation by giving a tongue-lashing to the federal government, [illegible] and the publicly-[illegible] corporations [illegible] spending and price hiking, he said, was hampering [illegible] SNB's efforts to tame inflation. The message [illegible] financial markets [illegible] inflation was alive and kicking.

[illegible] 20 per cent increase [illegible] the general [illegible] in the [illegible] of the year, up to April, a sense of gloom has prevailed on the [illegible] exchanges and reforms aimed [illegible] making [illegible] more [illegible] hanging [illegible] November, quarrels between [illegible] bourses and Arthur Andersen, managing consultant, and [illegible] project for a national electronic [illegible] exchange were patched up [illegible] a [illegible] ambitious plan [illegible] would [illegible] trading in [illegible] as well as in bonds at an early stage put in place.

Costs have quadrupled from the [illegible] initial project [illegible] be [illegible] on [illegible] unique, pioneering [illegible] them an edge in international competition as well as providing [illegible] trading place for domestic stocks.

[illegible] attempt [illegible] securities market [illegible] successful struggle of [illegible] Swiss in the early 1980s to rescue their watch making [illegible]try when it was besieged by [illegible] Japanese. After a long investigation [illegible] banks [illegible] Mr [illegible] Hayek, an engineering consultant, [illegible] put together a team of innova[illegible] engineers and marketing specialists [illegible] produced [illegible] Swatch, [illegible] cheap plastic watch, and [illegible] Swiss [illegible] on top.

The [illegible] are using their financial muscle to renovate the stock exchanges although they still have to pick a leader.

In addition, [illegible] new federal stock exchange law and [illegible] revision [illegible] companies' [illegible] in [illegible] pipeline. In spite [illegible] from traditionalists they should end up providing [illegible] bet[illegible] for [illegible] in [illegible] regulatory controls [illegible] corporate disclosure.

[illegible] longer term outlook is [illegible] devoid of bright patches. It is a habit of the Swiss initially [illegible] but then [illegible] adapt pragmatically and efficiently.

SECURITIES MARKETS: the price of high rates

This difficult year

IT [illegible] [illegible] [illegible] difficult year for most participants in Swiss securities *markets*.

Extraordinarily high interest [illegible] have *dampened interest* in both stocks [illegible] bonds, and put extra pressure on banks' brokerage and dealing operations just as their fixed commission structure was abolished.

Meanwhile, the flow of Japanese convertible debt [illegible] which contributed [illegible] much to [illegible] [illegible] primary market in the late [illegible], has remained [illegible] a very low level because of the *depressed* Japanese stock market.

In the [illegible] of significant reform [illegible] [illegible] taxation or *of the Swiss* stock markets, the tendency of trading activity to *move to London continued* to gain [illegible] According to [illegible] *stock exchange* official, perhaps [illegible] quarter of all trading in [illegible] [illegible] leading Swiss equities [illegible] done in London.

Apart from a post Gulf war increase in February, March and April, activity [illegible] [illegible] stock exchanges has been low [illegible] [illegible] Turnover [illegible] the Zurich stock exchange, which accounts for about 70 per cent of the national total, will probably [illegible] [illegible] [illegible] [illegible] the [illegible] level [illegible] [illegible] year's SFr518.5bn, which [illegible] some 20 per [illegible] down from the 1989 level.

The Swiss bond *market* has long suffered from [illegible] small. The aggregate value [illegible] outstanding [illegible] [illegible] only about [illegible] and [illegible] total [illegible] new [illegible] so [illegible] [illegible] [illegible] [illegible] only SFr44bn, of which SFr27.6bn [illegible] foreign, [illegible] SFr9.7bn are equity [illegible] [illegible] [illegible] [illegible] eral government [illegible] always [illegible] [illegible] [illegible] borrower, with only SFr11.2bn principal outstanding [illegible] [illegible] [illegible] of 1990.

The market [illegible] also illiquid. [illegible] portfolio managers have tended [illegible] buy [illegible] [illegible] long term, [illegible] the notorious stamp duty [illegible] all [illegible] [illegible] [illegible] strong disincentive [illegible] those [illegible] would [illegible] actively.

[illegible] [illegible] point out [illegible] [illegible] is impossible [illegible] quote small spreads on bonds [illegible] [illegible] stamp duty [illegible] As [illegible] result, more and [illegible] trading [illegible] moving [illegible] London, especially on large blocks, and [illegible] [illegible] [illegible] done privately.

"The bond prices you see on the Zurich [illegible] exchange often give [illegible] [illegible] impression," one bank dealer says.

Now that securities dealers are becoming more interested in marketing derivative *products* [illegible] bonds, [illegible] are being made [illegible] improve the liquidity [illegible] the *Swiss* [illegible] *bond market*. Swiss Bank Corporation brought out three of what [illegible] calls benchmark [illegible] earlier this year, starting with [illegible] SFr600m 10-year 7 per cent issue for the World Bank in January. A large portion of the issues [illegible] placed with [illegible] tors outside Switzerland, and secondary market trading [illegible] arranged in London [illegible] well as in domestic markets. The prospect of additional tranches of these [illegible] [illegible] added later [illegible] been [illegible]

With the [illegible] government planning [illegible] fairly large budget deficit next year, banks are encouraging the Ministry of Finance to make benchmark-type [illegible] next year. But [illegible] [illegible] [illegible] sceptical that this will [illegible] much difference.

In the equity markets, while it has been quiet on the trading floors, there [illegible] been [illegible] good deal [illegible] upheaval behind the scenes. The first part of Switzerland's big [illegible] – the removal [illegible] fixed commissions – [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] year. Coincidentally, four [illegible] [illegible] country's [illegible] [illegible] exchanges [illegible] their doors [illegible] [illegible] [illegible] of [illegible] [illegible] and the pressure is intensifying for further *consolidation*. Two weeks ago, Swiss Volksbank announced it would withdraw from the Geneva and Basle stock exchanges by the end of next year.

Banks claim that following the abolition of fixed commissions *last* year the competition for institutional business has become brutal, with rates not coming anywhere near covering costs. Big bank officials are convinced that this will force a number of smaller banks out of the brokerage b[illegible] fairly quickly. There has been a shake-out [illegible] stock exchange m[illegible] In Zurich, the number of members has dropped from 29 in [illegible] to only [illegible]

As in the bond market, business continues [illegible] be hurt by the presence of the stamp duty – which is larger than commission income on some trades – and many large transactions in the leading shares are being done [illegible] London. [illegible] bank dealer [illegible] that the lead in pricing most top Swiss [illegible] comes from London, with the Swiss exchanges following. And *for the past few* months, London has not been providing *any lead*.

[illegible] exchange officials and banks are urgently considering the second part of their big bang – the creation [illegible] [illegible] unified national electronic exchange. They [illegible] out two [illegible] [illegible] to design a SFr30m system mainly for bond trading, with the intention of expanding it [illegible] equities later. The proj[illegible] did [illegible] [illegible] well, and there is a drive to start over again on a comprehensive plan that would include equities from the start.

Such a scheme would enable [illegible] Basle [illegible] [illegible] exchanges to close in the near future with digni[illegible] and [illegible] possibly help the [illegible] stock market as [illegible] [illegible] regain [illegible] [illegible] the init[illegible] in [illegible] equi[illegible] from London. But the fig[illegible] being mentioned [illegible] develop [illegible] system range [illegible] SFr100m. This [illegible] particularly frightening [illegible] many [illegible] [illegible] [illegible] Zurich stock exchange members, [illegible] [illegible] investing heavily in [illegible] [illegible] [illegible] new stock exchange building, which [illegible] [illegible] [illegible] [illegible] July.

One lower [illegible] [illegible] being considered [illegible] [illegible] [illegible] share [illegible] [illegible] [illegible] [illegible] highly [illegible] [illegible] [illegible] and options computer system.

A decision must be made in the next few weeks if the team of experts from Andersen Consulting is to be kept intact.

Ian Rodger

CORRECTION
Echo Netting, the global foreign exchange clearing house project, has decided in principle to base its system on the Accord confirmation matching service operated by S.W.I.F.T., the bank-owned telecommuni[illegible] network, and Trade[illegible] [illegible] treasury manage[illegible] system marketed [illegible] supported by Logica. In the FT [illegible] on Computers in Finance [illegible] November 12 it [illegible] wrongly [illegible] [illegible] [illegible] S.W.I.F.T. Accord [illegible] [illegible] been rejected.

FUTURES & OPTIONS

Successful Soffex

WHILE Swiss stock exchange officials wring their hands *about the difficulty of agreeing* on how [illegible] create a central *electronic exchange, the model* for the solution to their dilemma, Soffex, is immediately to hand.

Soffex, the Swiss Options and Futures Financial Exchange, is a runaway success story after only three years of operation.

The leading Swiss banks knew from the early 1980s that they needed a futures and options exchange, but none of *the then seven stock* exchanges in the country was *big enough to support one*. The obvious answer was to set up a single electronic system, but the likelihood of all the exchanges agreeing on its design and operating policies was remote, so a separate corporation was established with a clear mandate and a budget to carry it out.

Soffex opened in May 1988, trading options on 11 leading shares, raised to 12, representing more than a quarter of the Swiss stock market capitalisation. Trading was done from the start through a SFr60m bespoke electronic system that not only handled trading but also transaction *processing*, enabling next day clearing.

Apart from one large crash in June 1989, when the system was down for three days, the computer has proved very reliable. The past two years have been without a single incident, and the company last year won the Computerworld Smithsonian Award for the innovative use and further development of communication technology. Soffex has sold its system to *the* Deutsche Termin Börse (DTB) and hopes to win other customers.

The system has had a good influence on the Swiss stock exchanges, notably in the sensitive area of transparency. *From the start*, Soffex insisted that every transaction had to go *through the computers*, enabling the system to publish details of it, *as well as to compile* accurate volume figures. It made the exchanges extend their hours and provide permanent trading in the large capital shares that underlie the option products.

By any measure, activity on Soffex has grown very rapidly. Last year, for example, 5.6m call *option* contracts were traded and 3.4m put contracts. The aggregate *capitalisation* of both [illegible] SFr66.5bn.

Late last year, trading *in* futures on the Swiss Market Index (SMI) of *22 leading* shares began, and this year the exchange introduced futures on three-month Euro Swiss franc interest rates and *on* a synthetic medium-term bond based on five-year swap *rates. Other new* products are under consideration.

Mr Ernst Mollet of Swiss Bank Corporation, who is president of Soffex, says *about* one-tenth of Swiss fund managers are using options and futures compared with 15 per *cent in* the US.

Soffex officials, like those at other *futures and options* exchanges, make considerable efforts *to spread* the gospel of their trade. "Derivative markets are the most sophisticated tools for investment management. They offer the only way to secure your funds at all times," Mr Mollet says.

On the question of linkages with other futures and options exchanges, Soffex officials believe that competitive pressures will prevent *this* from happening much. They would like to offer Soffex terminals to users outside Switzerland, but fear that would be stymied because the Swiss government would not allow reciprocity for systems from other countries – at least not until the country becomes part of the European Economic Area (EEA) *or the* EC.

IR

PROFILE: Walter Frehner

Banking on trust

Walter Frehner: We have got more competition

MR Walter Frehner, president of the executive board of Swiss Bank Corporation, believes that Switzerland will maintain its reputation as a safe haven for capital in spite of its high rate of inflation and the wavering value of the Swiss franc.

"Traditionally, only a fraction of the capital entrusted to Swiss banks is invested in Swiss francs. The bulk is in US dollars, sterling and D-Marks. What people are looking for is a bank they can trust, where they can get good service.

"Certainly, we have got more competition, and so we have to do whatever is necessary to become even more competitive, with [illegible] portfolio management, for example, using more sophisticated instruments. But we still think it would be difficult for [illegible] private individual with, say SFr1m, [illegible] get the same all-embracing service in other European countries that he can get here."

In the past two years, most of the cartel arrangements that the Swiss banks erected in their home market – especially the lucrative one providing for fixed commissions on [illegible] brokerage – have been dismantled. It [illegible] [illegible] suggested [illegible] this will weaken the competitive position of the big Swiss banks.

Mr Frehner believes that the elimination of fixed brokerage commissions will strengthen the big banks, because smaller ones will find it increasingly difficult [illegible] compete in brokerage. Moreover, higher commis[illegible] on [illegible] [illegible] will mean that individuals will tend to invest more in bank sponsored and managed unit trusts. "So we can keep the flow of money inside the bank more than before," he says.

He believes the trends of disintermediation and securitisation, that characterised the 1980s, will continue, but at a lesser pace. "The big shifts have taken place. We do not see any more movements away from banks, and some customers are coming back looking for more traditional products.

SBC has been criticised in the past for being *less* committed to capital markets than its two big Swiss rivals, Union Bank of Switzerland and Credit Suisse, but in the past year *it* has transformed its stance with a management reorganisation and an alliance made last year with the Chicago options house, O'Connor Partners.

The bank maintains its headquarters and manages its Swiss business in Basle but has shifted its international management to Zurich. "We have improved our position in the league tables and have become the most innovative bank in the Swiss franc markets, thanks partly to O'Connor," *Mr Frehner claims*.

SBC was the first of the big Swiss banks to appoint a non-Swiss to its board, and Mr Frehner says the group's policy is to "take the best people from the group", regardless of nationality, provided, for some time to come at least, that they are fluent in German.

Mr Frehner is cautious about the outlook for the bank. Cash flow has been strong this year, reflecting increasing success in many markets. But profits are being hurt by big provisions for bad loans, including the bank's highly publicised £55m loan to one of the private companies controlled by Mr Robert Maxwell. "We are appalled by the way we were treated in a transaction which was on a fully secured basis and prepared with all due diligence," he says.

Mr Frehner says the bank has already implemented a policy to scrutinise more carefully its exposure "to groups that depend largely on one person or small groups of persons". If a group is run by a tycoon, with a complicated and fast changing group structure, these things will be taken much more [illegible] signs of alarm than before.

"We think next year can be equally good on the operating side. We have some interesting *opportunities* – the whole derivatives business is just starting. We will again have to make provisions next year because the economic environment is not improving, but they will not be so large as this year, and that should be the end of them.

IR

REGIONAL BANKS: under pressure as commission acts

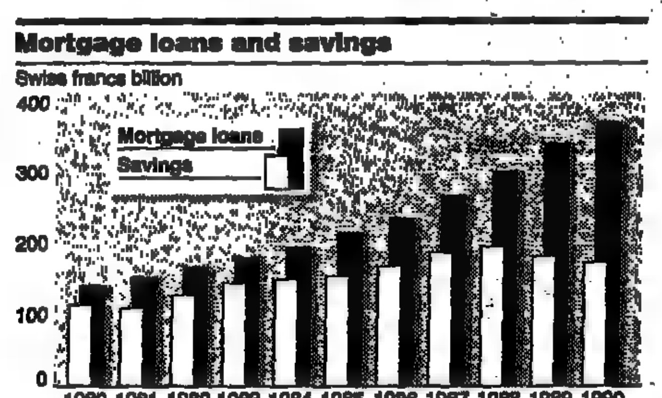
Squeezed on two sides

THE Swiss banking community got a terrible shock on October 4 when the Federal Banking Commission closed Spar und Leihkasse Thun, [illegible] [illegible] regional bank, near Berne.

It was the first time that the federal supervisory body had closed such a well-known bank, raising questions about the stability of other Swiss banks at a time when interest rates are unusually high.

Certainly, the country's 185 regional banks have been hit harder than most. They, after all, together with the cantonal banks, are the specialists in mortgages.

Mortgage loans and savings



Source: SNB, The Swiss Banking System

More than 70 per cent of their SFr88.2bn in assets at June 30, 1991 were in mortgage backed loans.

They [illegible] their mortgages mainly through individual savings deposits, which account *for more* than a quarter of their liabilities.

In the past decade, they have been squeezed on both sides of *this business. On the one hand*, the big banks have piled into the mortgage bus[illegible] *forcing* price cutting all round. The regional banks saw their share [illegible] the total mortgages outstanding fall *from* 38.9 per cent in 1980 to 33.7 per cent in 1989, while the *five big* banks *raised* their share from 33.1 per cent *to* to 39 per cent over the same period.

[illegible] [illegible] [illegible] side, [illegible] [illegible] tomers, like bank [illegible] everywhere, [illegible] [illegible] sophisticated, and began shifting their savings from [illegible] yielding accounts in [illegible] regional banks to other instruments. This trend has become particularly pronounced in the past two years when market interest [illegible] have [illegible] extremely high. Indeed, the share of the regional banks' liabilities occupied by savings accounts tumbled from 57 per cent in 1980 to 35 per cent last year.

Everyone knew that many of the regional banks were very small – three quarters of them have assets of less than SFr500m – so it was not surprising that one of them got into difficulty. And it seems that the Thun bank, which had total assets of SFr1.1bn at *the* end of 1990, had been particularly *imprudent* in its *property* related lending.

Still, the Association *of* Swiss Regional Banks was not very *happy* about the *authorities'* swoop on the Thun bank [illegible] the *uncertainty* [illegible] followed. Some people say [illegible] would have been better if the authorities had increased the [illegible] *gradually on the* [illegible] to put its affairs in order *rather than closing* it without warning.

In the immediate aftermath of the closure, the association carried out an investigation of its members and found only four others that had serious problems. But it believes that all can be managed through mergers or special assistance.

The association has decided to take a more active stance in promoting mergers and other forms of restructuring of the sector.

"It is clear that the structure of the banking industry in Switzerland must change, and our union will be very active in promoting it," the association says.

Meanwhile, what about the poor Thun depositors? There is no doubt that the bank will go into liquidation, but the details remain to be worked out. The banking industry as a whole lifted its protection for depositors in 1984, setting up a scheme to provide up to SFr30,000 for each savings depositor (regardless of how many savings accounts he holds) in a given bank.

IR

■THE BIG THREE: hanging on to their triple-A ratings but . . .

This is [redacted] time [redacted] gloat

IF THE leaders of *Switzerland's* three *big* banks were not [redacted] instinctively driven [redacted] look for things [redacted] worry about, [redacted] might [redacted] for a moment to gloat.

As they survey the banking world from their modest offices in Basle and Zurich, they can [redacted] scandal and ruin everywhere. Some of the biggest names in banking – in Japan, America [redacted] Europe – have been humbled by the consequences of their imprudent [redacted] in the h[redacted] days of the late 1980s.

The Swiss too have had their [redacted] moments, such as those people stung by the late Robert Maxwell and by a similar [redacted] figure, Mr Werner Rey, whose Omni group collapsed earlier this year, but they have managed [redacted] keep their losses under [redacted]

In the whole world, only five leading international banks have [redacted]tained triple-A ratings from the three main agencies, and the big three Swiss banks are among them. In October, Moody's shocked the [redacted] community by putting [redacted] ratings on [redacted] list, but Standard and Poor's [redacted] clear last month [redacted] its ratings [redacted] three big [redacted] at least [redacted] next [redacted] months.

Part [redacted] reason [redacted] shock [redacted] the Moody's [redacted] was its timing. At the beginning of the [redacted] all three banks were reeling after a very bad 1990, especially Credit Suisse, the smallest of the three, which cut its dividend after reporting consolidated [redacted] profit of only SFr1.5bn, down 20 per cent from the previous year.

However, this year, profits have surged back, as the banks have been able to capitalise on their solid foundations in international markets. Credit Suisse gross profit jumped 71 per cent to SFr1.33bn in the first half. Both Credit Suisse and Union Bank of Switzerland (UBS), the largest of the three, have forecast record earnings in the current [redacted] SBC has [redacted] slightly more cautious, indicating that only its cash flow is likely to move into record territory. Big provisions could prevent profit from doing likewise.

Anyway, the big [redacted] will not gloat, because they believe they still face c[redacted] challenges.

Within the Swi[redacted] market, they ha[redacted] been suffering from a classic margin [redacted] High interest [redacted] have driven depositors away from savings accounts into money market instruments, while political [redacted] have made the [redacted] timid [redacted] raising [redacted] interest rates.

Slumping property markets have brought [redacted] substantial increase [redacted] the number of non-performing mortgage loans, and the banks have warned that they [redacted] making substantial provisions for the next couple of years to cover losses in this sector. However, [redacted] UBS [redacted] points out, it is nothing like as [redacted] effect [redacted] property slumps in the US [redacted] the UK, partly [redacted] tend [redacted] on to their homes *rather* [redacted] *trade* [redacted] *frequently.* UBS [redacted] than 0.5 [redacted] of [redacted] gage portfolio is non-performing.

At [redacted] point, the banks' preference is [redacted] tight [redacted] hope [redacted] short-term [redacted] will [redacted] enabling them to [redacted] spreads. The yield [redacted] for [redacted] years and, if it does not revert [redacted] the country [redacted] a [redacted] recession, [redacted] UBS [redacted]

Banking system: comparative sizes (1989)		
	% of total assets	Number of entities
Cantonal [redacted]	18.83	29
Main [redacted]	49.18	5
Regional [redacted] savings banks	8.50	210
Credit [redacted]	3.01	2
Others	5.39	91
Finance companies	2.42	138
Foreign banks	12.08	135
Private [redacted]	0.54	22

[redacted] *of* [redacted] *Regional* [redacted]

The banks have been [redacted] plaining about the collapse of commission [redacted] from [redacted] rities brokerage fees in [redacted] of [redacted] abolition of fixed [redacted] the end of last year. But [redacted] should [redacted] be taken [redacted] seriously. As the [redacted] players in the [redacted] capital markets, handling something [redacted] half the business, they [redacted] gain from the shake-out of weaker banks *caused b*[redacted] *the keener competi*[redacted] Moreover, [redacted] Mr [redacted] Frehner, president [redacted] committee [redacted] SBC points out, the [redacted] fund [redacted] will benefit [redacted] tendency [redacted] individuals [redacted] effectively in [redacted]

Abroad, [redacted] have reason to [redacted] decline [redacted] prestige [redacted] financial [redacted] The [redacted] big [redacted] – like [redacted] Geneva private banks – [redacted] been [redacted] portfolio management services they provide [redacted] that special group [redacted] clients called high [redacted] worth individuals.

For these people, Switzerland has had various attractions in the past, notably the strength [redacted] the Swiss franc and [redacted] strong practice of bank secrecy. In the past few years, both have wavered.

The big three recognise that, like the [redacted] Swiss industrial companies, they can no longer rely on Swiss capital markets for their own capital, and have gone a long way in [redacted] couple [redacted] years to [redacted] up *their images in international* capital markets. Credit Suisse led the way, publishing consolidated [redacted] in 1989, and [redacted] others followed last year. All three make regular presentations on their [redacted] analysts [redacted] putting out increasingly infor[redacted] interim statements.

Restrictions on share [redacted] ship [redacted] being removed, but the banks [redacted] in a tricky position – under [redacted] law they must be over [redacted] per [redacted] owned to be considered [redacted] However, [redacted] executive [redacted] the [redacted] three [redacted] *becoming more international.*

Ian Rodger

■PROFILE: Thierry Lombard, private banker

Retaining the advantages

ONE PRIVATE [redacted] believes [redacted] time [redacted] do [redacted] to retain Switzerland's standing as an international banking centre is Mr Thierry Lombard, a sixth-generation descendant of one of the merchants who founded Lombard, Odier & Cie in 1798.

In the past 193 years ownership of the bank has passed through only 41 partners. Mr Lombard, 43 years old, is one of eight partners whose average age is 48. Since his arrival he has seen a transformation of the bank, as the partners have responded to the fierce competition and the deregulation of international banking that has rattled the previously cosy world of Geneva private bankers.

"Prominent people at all levels in Switzerland need to work to retain [redacted] develop [redacted] advantages we possess instead of thinking that we have been given them as a gift for eternity," Mr Lombard says.

His belief, which he shares with other [redacted] the small but high prestige Groupement [redacted] Banquiers Privés Genevois, [redacted] that private bankers and businessmen must [redacted] greater responsibility for promoting Geneva [redacted] finance [redacted] He is involved [redacted] for an association to [redacted] more [redacted] the [redacted] of private and public bodies, to ease the way f[redacted] the establishment [redacted] new enter[redacted] and to improve the training of [redacted]

He is acting chairman of the Geneva bourse which has played an important role in putting the plan for a nationwide Swiss electronic stock exchange back on track after [redacted] a disastrous start.

Yet Mr Lombard might [redacted] a banker. [redacted] was [redacted] partner [redacted] bank but his father was [redacted] geologist. For three [redacted] from [redacted] of 15 [redacted] an [redacted] ticeship [redacted] Passage, [redacted] retailing chain, before finally embarking on [redacted] course via [redacted] economics degree, [redacted] year [redacted] Cambridge, a year at Chase Manhattan, and periods with Bank Sarasin in Basle and the Zürcher Kantonalbank that brought him to a partnership in the family bank.

He singles out two important elements in Lombard, Odier's adaptation to change in the past 15 years: the development of a network outside S[redacted]land and the achievement of a [redacted] mass in funds under management [redacted] organisational structure which has equipped the bank to cope with the more difficult [redacted] bankers are likely to experi[redacted] in the 1990s.

The partners [redacted] made [redacted] point of setting [redacted] a sub[redacted] part [redacted] profits [redacted] relatively [redacted] the [redacted] to build up reserves and reinforce [redacted] bank's capital base for the 1990s.

Expansion outside Geneva [redacted] first, by [redacted] realisation that [redacted] could [redacted] longer wait for clients [redacted] come to them and, second, by [redacted] limits on the services that could [redacted] from Geneva, most seriously [redacted] imposed by the infamous [redacted] stamp duty on securi[redacted] transactions.

Lombard, Odier's main for[redacted] operation is in London, from which it administers about $5bn [redacted] than [redacted] it manages. But, [redacted] importantly, [redacted] developed expertise in London, particularly [redacted] fixed-income investments, which is [redacted] duplicated in Geneva.

[redacted] per cent of [redacted] assets managed belong to institutions, [redacted] relatively high percentage [redacted] a private bank [redacted] traditional [redacted] looking [redacted] the [redacted] pri[redacted] clients. Mr Lombard sees this as proof of the bank's ability to satisfy pension [redacted] managers' demand for performance [redacted] argues [redacted] pri[redacted] clients [redacted] from [redacted] extensive analytical [redacted] developed to [redacted] the institutions' [redacted]

"At the end [redacted] the day it [redacted] providing all kinds [redacted] with [redacted] performance over [redacted] and top quality service," [redacted] says.

Competition in private [redacted] ing from foreign banks is tougher both within Switzer[redacted] and abroad, Mr [redacted] acknowledges. "But we have [redacted] name, [redacted] reputation, [redacted] expertise and [redacted] potential for growth [redacted] still there. Finally, it comes down [redacted] people; if Lombard, Odier is [redacted] in [redacted] and beyond, it will be because [redacted] are [redacted] good enough."

WD

Thierry Lombard: Requires top quality service

■PRIVATE BANKS: greater foreign competition

A tightening of belts

THE [redacted] are being tested [redacted] their speciality, private banking, by mounting foreign competition, uncertainty about Switzerland's future relationship with the European Community, and by the fumbling way in which their authorities are changing the rules [redacted] competition.

For all that, many private [redacted] report [redacted] faster growth in assets under management this year than in 1990 and no evidence [redacted] yet [redacted] to suggest that [redacted] as the leading international centre for [redacted] ing private [redacted] has been greatly undermined. [redacted] banks' reputation as a safe haven [redacted] enhanced by the [redacted] war and [redacted] BCCI scandal.

Foreign bankers in general seem unable to make up their minds about the value of hav[redacted] *private banking* [redacted] Switzerland. Manufacturers Hanover, [redacted] and First [redacted] have quit. American Express handed [redacted] the Trade and Development Bank [redacted] had acquired from Mr Edmond Safra to Mr Edgar [redacted] Picciot[redacted] domestic CBI bank.

However, Mr Safra has returned and is reporting steadily growing profits from *his Geneva-based operations.* Chase Manhattan has [redacted] the headquarters for its European, Middle East and African private banking business from London to Geneva while National Westminster [redacted] its international private banking – under [redacted] name – [redacted] Japanese [redacted] houses have been securing Swiss banking [redacted] with [redacted] private [redacted] as [redacted] business in bonds and shares.

[redacted] the purely [redacted] side the attrition [redacted] number of [redacted] *truly private banks* – those [redacted] the owning partners commit [redacted] own fortunes – [redacted] continued [redacted] Darier and Hentsch; but [redacted] bigger banks, Pictet and Lombard, Odier, apparently go from strength to strength. The [redacted] Three [redacted] – Union Bank of Switzerland, [redacted] Bank Corporation and [redacted] – have been taking [redacted] small private banking operations although their [redacted] have been slaked in [redacted] months.

Without question Switzerland retains [redacted] supremacy in private banking. Mr Hans-Dieter [redacted] Zurich-based Vontobel Bank recently calculated on [redacted] of [redacted] Swiss[redacted] managed some SFr1,800bn [redacted] which [redacted] per [redacted] represented foreign capital. The Big [redacted] banks [redacted] understood [redacted] hold [redacted] *40* [redacted] *per* [redacted] *of* [redacted] total with [redacted] traditional private banks accounting for [redacted] 10 per [redacted]

Still, [redacted] private [redacted] worries. Fundamen[redacted] perception [redacted] franc [redacted] become a [redacted] rency like [redacted] other [redacted] bank [redacted] no lon[redacted] enough in [redacted] right [redacted] As long as the EC [redacted] internal regulations [redacted] information between national [redacted] is no pressure on the [redacted] amend their refusal to disclose details of their clients' business to foreign tax [redacted] but the situation within the EC could change in a few years.

A more immediate concern [redacted] the [redacted] on profit margins – real or anticipated – *from securities trading after* the Cartel Commission had forced the banks to abandon their fee-fixing brokerage [redacted] vention from this year. This change may have hurt [redacted] Zurich banks most. Mr Vontobel pointed out that the Geneva [redacted] focus [redacted] on portfolio management [redacted] investment advice while the [redacted] private [redacted] on sub[redacted] trading in securities and currencies [redacted] increase their incomes. Some smaller banks, both in Zurich and Geneva, have stopped trading on [redacted] exchange.

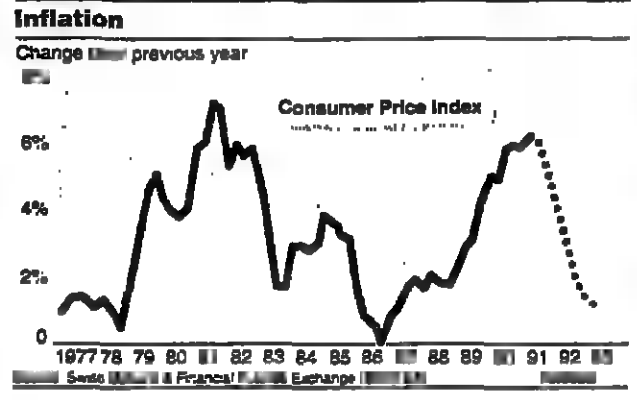
> The attrition in the number of private banks has continued

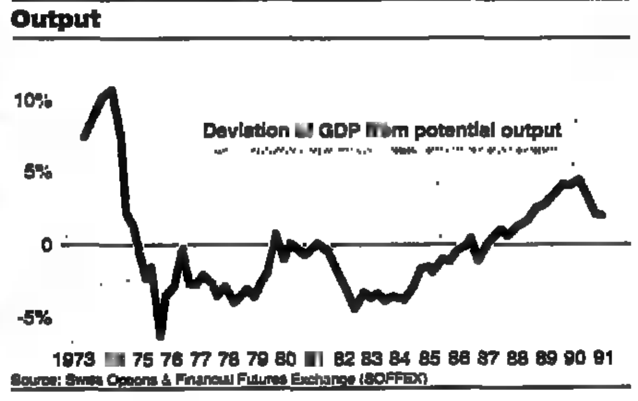
Customers' loyalty [redacted] traditionally strong in private banking. [redacted] far, [redacted] say, [redacted] moved their accounts [redacted] they [redacted] cheaper [redacted] price [redacted] largely confined to [redacted] high [redacted] worth individual customers, however, [redacted] looking for competitive pricing.

Similarly [redacted] banks, private [redacted] have [redacted] tightening their belts. Many have [redacted] staff – [redacted] indication [redacted] profit performances may have [redacted] considerably [redacted] year. There [redacted] general perception that [redacted] times [redacted] the 1980s have [redacted] and [redacted] will prevail in the 1990s.

[redacted] private bankers may find some [redacted] in [redacted] remark by Mr Law[redacted] Huntington, president [redacted] Fiduciary Trust International [redacted] US, which [redacted] UN's [redacted] pension fund and which [redacted] applied for a [redacted] banking licence. Switzerland, he [redacted] would continue [redacted] "an extremely desirable place" for asset management.

William Dullforce





Crystals help to cut cars' warm-up times

Some Saab cars are to [redacted] fitted from next year with a crystalline-based heat exchanger designed [redacted] shorten the engine warming-up period. Three environmental, safety and comfort benefits are claimed for the system, which is expected to add about £400 [redacted] the price [redacted] each car:

[redacted] A significant reduction of exhaust pollutants emitted while a catalytic converter [redacted] reaching its [redacted] C working temperature;

● The provision [redacted] virtually "instant" [redacted] air through the car's interior defrosting and ventilation system, eliminating the defrosting and visibility problems associated with winter starting;

[redacted] A reduction in the high fuel consumption normally [redacted] with warming-up.

The heart of the "thermo accumulator", developed by [redacted] Thermo Engineering of Germany, [redacted] salt-based crystals [redacted] which change from solid [redacted] liquid above [redacted] deg C.

In liquid form, the crystals [redacted] extracted [redacted] the engine's coolant during normal running. In solid form, they release [redacted] – straight back into the engine's coolant system whenever [redacted] started.

The crystals [redacted] housed [redacted] sealed [redacted] within [redacted] uum-insulated metal cylinder [redacted] cm long and 16 cm in diameter, through which the engine coolant circulates. [redacted] insulation [redacted] sufficient to keep the liquefied crystals above 78 deg [redacted] for more than three days after the car's engine has [redacted] switched off.

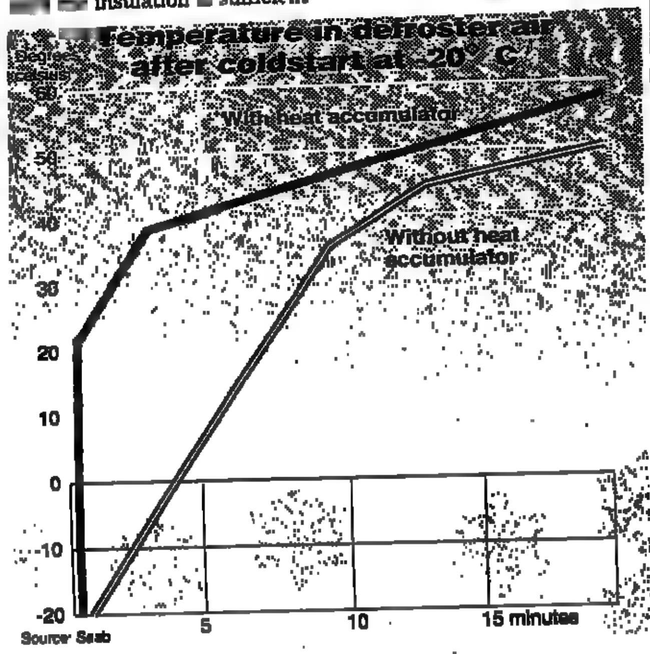
[redacted] Automobile, owned jointly by the Swedish group and General Motors, says the accumulator can deliver between 60 kW and 70 kW of energy into the system within seconds [redacted] start-up.

In practical terms, this means that when [redacted] ambient temperature is [redacted] degrees Centigrade, air at a temperature of 40 [redacted] provided virtually instantly through the car's heating/defrosting system. This compares with around [redacted] minutes required for [redacted] not fitted with the accumulator/exchanger.

[redacted] engineers [redacted] they [redacted] observed average reductions [redacted] 55 [redacted] in emissions [redacted] carbon monoxide, and [redacted] per cent in emissions of hydrocarbons, during the first three and a half miles of typical journeys.

[redacted] plans to fit [redacted] accumulator [redacted] its 9000 and CD models as an option from the end of next year. "It [redacted] an efficient [redacted] and recycling engine [redacted] which [redacted] otherwise largely wasted", [redacted] technical [redacted] Stig-Goran Larsson. "There [redacted] no significant running [redacted] associated with it, it does not require [redacted] cial [redacted] and it should [redacted] the life of an engine".

John Griffiths



Dave Madden reports on progress towards flexible software for financial institutions

Banking on a database


Banks are in the throes of a systems revolution which could help [redacted] drive down costs in branch networks

I[redacted] Richards, head of branch banking systems [redacted] National Westminster Bank, has just visited Dublin.

He was there to begin "testing" the bank's data model design against IBM's own Financial Services Industry [redacted] Model [redacted] DM), a core element of IBM's Financial Application Architecture (FAA).

Back home, Richards is [redacted] shalling NatWest's Customer Relationship [redacted] project, "the [redacted] IBM DB2 [redacted] application in the world – by a factor [redacted] four", he [redacted] which is rolling out to NatWest branches at the rate of 50 a [redacted] and [redacted] pivotal [redacted] the bank's customer service and marketing strategy.

The [redacted] phase of this development is a "re-design and re-write" [redacted] NatWest's [redacted] ing core accounting systems to complement [redacted] new [redacted] relationship system. For this, getting the [redacted] model right is critical – [redacted] only in [redacted] terms, but also [redacted] the competi[redacted] future of [redacted] bank. "Quite simply, we [redacted] this right," Richards [redacted]

"If [redacted] architecture of your data is sound you can [redacted] with [redacted] future [redacted] – [redacted] can change hardware and [redacted] and accommodate change in [redacted] the [redacted] infrastructure will hold true." [redacted]

In [redacted] view, [redacted] model is such [redacted] bed rock that he is unwilling [redacted] stone unturned.

To Richards, comparing NatWest's design with [redacted] generic FSI [redacted] model is that final [redacted] – if [redacted] is [redacted] good match, then he [redacted] as he can be that he is on the right track.

[redacted] curious [redacted] this is that going [redacted] IBM for, in essence, independent corroboration, [redacted] consultancy, [redacted] counter intuitive, [redacted] least.

[redacted] that the FSI [redacted] model standard for [redacted] financial services industry as [redacted] is, and he thinks that given the high stakes for all concerned, no one building a similar system can afford not to look at FAA, even if it only for comparison.

The concept of "application architectures" [redacted] in vogue, [redacted] least in financial services which is in the throes of a systems revolution. Across the board, institutions like NatWest are struggling to replace functional, but monolithic, accounting-based systems with [redacted] to build [redacted] flexible IT [redacted] ture that [redacted] handle mergers, acquisitions and [redacted] like, and [redacted] drive down [redacted] in branch networks.

"Clearly [redacted] drift [redacted] application architectures. They offer [redacted] framework, a [redacted] picture, of [redacted] their IT should look like," [redacted] Alan Johnson, a partner in Price Waterhouse's financial [redacted] consultancy.

But while FAA [redacted] caught that drift, it [redacted] presented systems developers with [redacted] Catch [redacted] dilemma.

Financial service companies are keen to exploit, even [redacted] conform to, [redacted] standards. But [redacted] "standards" [redacted] published, and they cannot [redacted] wait.

The result [redacted] rumbling [redacted] frustration [redacted] confusion, which has led [redacted] cynics, not unused [redacted] doubting [redacted] motives, [redacted] conclude [redacted] FAA is just a marketing spoiler.

IBM concedes that there is a degree of "confusion in the marketplace". FAA is, to paraphrase IBM, a "financial extension" of its once-vaunted Systems Application Architecture – [redacted] set of technical [redacted] dards [redacted] products designed [redacted] provide [redacted] framework for [redacted] oping and running applications [redacted] IBM platforms.

In turn, FAA comprises [redacted] architecture, [redacted] (including [redacted] FSI [redacted] model), [redacted] components and interfaces, [redacted] migration strategy and, eventually, applications [redacted] products (though the [redacted] these, Customer Relationship System, [redacted] not likely to emerge until 1993).

IBM UK [redacted] points. First, whatever [redacted] complex antecedence within IBM, [redacted] now a customer-driven initiative. Second, FAA standards will [redacted] "open" [redacted] "published".

T[redacted] customer participation [redacted] a formal process, organised through separate [redacted] and European [redacted] Advisory Boards. For example, a dozen user companies, including Woolwich Building Society, have worked with IBM to design the data model.

Cliff Howard, the Woolwich's information systems planning manager, says his society is [redacted] committed to [redacted] FAA products – the exercise has allowed it to get close to IBM's thinking and, in part, [redacted] influ[redacted] it, while keeping its options open. Like NatWest, Howard thinks the [redacted] model gives the society [redacted] degree [redacted] external corroboration [redacted] its own strategy.

The consensus is that this customer involvement has enriched what would otherwise have been a technocrats' initiative – though [redacted] consequence is [redacted] the project is way behind schedule.

The "open" argument is not [redacted] cut. "Ultimately we want third parties [redacted] write to FAA standards," [redacted] IBM. It adds: "Ownership of the data model is a big [redacted] sion within IBM at the moment. Clearly someone has to own and control it . . . it is possible [redacted] will never publish [redacted] whole model."

[redacted] the six basic functional components of FAA – Banking Business View, Financial Services Industry Strategy, FAA Overview, [redacted] Detailed Documentation, FAA Stan[redacted] and FSI Data Model – only [redacted] overview [redacted] complete and available [redacted] outsiders.

FAA's relationship with SAA [redacted] compromises its "open" [redacted] in technological [redacted] proprietary [redacted] ture – it [redacted] not support Unix or other open systems environments.

Don Lonsdale, a principal [redacted] IT consultancy CSC-Index, [redacted] financial institutions are increasingly preoccupied with [redacted] systems [redacted] they try [redacted] distribute computing [redacted] their branch networks. [redacted] Howard concedes [redacted] ultimately FAA [redacted] strained by SAA, but he [redacted] fident [redacted] will eventually support open, heterogeneous computing.

Not surprisingly, [redacted] degree of scepticism. [redacted] Stainer, head [redacted] Andersen Consulting's financial markets division, [redacted] IBM's FAA [redacted] valuable agenda [redacted] financial [redacted] industry, [redacted] lack [redacted] sub[redacted] vague delivery [redacted] destabilising.

Cliff Howard of [redacted] Woolwich points out [redacted] IBM's [redacted] system has been subcontracted to a software house, but that the same design standards are [redacted] available [redacted] other systems developers and [redacted] tion is clearly unsatisfactory. IBM's FAA approach is "muddying the waters" for financial service companies, says Stainer. "There is lot of momentum behind FAA, and none of us can afford to ignore it," says Howard.

POCKET COMPUTERS

Sharp's slick, solid hybrid

By Paul Taylor

Sharp makes no pretence about it. The IQ-8200, proclaims the straightforward operation manual, is an Electronic Organiser.

In fact, the top-of-the-line IQ-8200 [redacted] a hybrid – more than a simple electronic diary-cum-calculator, but less than a fully-fledged hand-held computer.

The £259.99 metallic-grey clam-shell machine measures 7"x3¾"x¾". Yes, the IQ-8200 will fit in the palm of [redacted] large hand, or [redacted] suit pocket, but only just.

Sharp has produced a slick, solid, reasonably easy-to-use and versatile machine with [redacted] life [redacted] about 150 hours, power saving features and "low-battery" warning.

While [redacted] IQ-8200 offers all the usual electronic organiser functions - calender, diary, calculator, 'phone book, clock plus a [redacted] - its real strength lies in the plug-in integrated circuit software applications cards which [redacted] machine to perform [redacted] of [redacted] most popular functions of [redacted] personal computer.

[redacted] credit-card [redacted] ICs [redacted] from [redacted] about £100 [redacted] from [redacted] applications like spreadsheet [redacted] Lotus 1-2-3) [redacted] programmes to a language translator and more specialised cards such as a money market dealers' card, a heat loss calculator for central heating installers and even a cinematographer's card.

Card functions are easy to select using the touch-sensitive window to the right of [redacted] screen.

The IQ-8200 [redacted] programmers. But [redacted] porate buyer's IT department (or the computer whizz) [redacted] produce [redacted] customised programmes [redacted] written on a PC and [redacted] IC cards.

[redacted] organiser [redacted] with [redacted] reasonable [redacted] columns display (although there are only two fixed screen positions) and a calculator-style standard Qwerty keyboard with a good positive "feel" but not large enough for anything more than [redacted] finger operation.

Instead [redacted] typing in [redacted] specifications, customers' [redacted] or telephone numbers, it [redacted] much easier to download these from the office desktop PC or Apple Macintosh using the optional [redacted] and communications software (cost £79.48).

Names, product details, sales or other information stored on the IQ can be transmitted to an office computer over a telephone line using an optional pocket modem.

Similarly, when connected to a modem the IQ-8200 can act as a remote terminal to capture information from a host computer back at head office. Two [redacted] hooked up together [redacted] also swap data.

Built-in functions, which also include a scheduler and an outliner, are called up to the screen using a set of 12 hard-wired function buttons which are simple and fairly easy to use, particularly if the owner has had some experience of using a PC.

Minor niggles include the layout of the numeric keys and maths functions – two horizontal lines – which are more cumbersome to use than a calculator, and the memo feature which falls far short of even a fairly basic word processor.

The IQ-8200 also comes with a built-in context sensitive help feature, which saves having to dive back into the weighty manuals all the time.

If the price tag is too high, its look-alike "baby brother", the IQ-8000 with less memory, is an alternative at £159.99.

However, if what is required is a full-function IBM-compatible PC, it might be worth waiting for Sharp's PC-3000, which will be in the shops next month at or below £800.

The series will continue [redacted] week.

هكذا من الأصل

ARTS

Ian Fountain

QUEEN ELIZABETH HALL

Fountain is 21 [redacted] more or less, but he won the Artur Rubinstein Competition in 1989: no mean feat. Two months ago he made [redacted] sterling effect in Frank Martin's Triple Concerto at the Barbican, flanked by far more seasoned soloists on harp and harpsichord. On Sunday he gave his first London solo-recital – Scarlatti, Prokofiev and Chopin. It confirmed and enriched that earlier impression, and allowed one to get him into better focus.

Fountain has strong, clean fingers, and applies them to strictly musical (but always attractive) ends – according to his lights. His three Scarlatti sonatas were tinted in ultra-pianistic chiaroscuro, all wistful shadings and pedal-haze, as if the harpsichord had nothing to do with this music: odd, but charmingly turned.

In the third of Prokofiev's "wartime" sonatas, the Eighth, he was both precociously *soigné* and innocent. The Eighth is "discursive" music, as commentators say guardedly, and therefore "elusive" in the strict sense that it's hard for a pianist to get a confident hold on it. Fountain's way was to play it very seriously at face-value, with beautifully lucid textures and a [redacted]creet, continuous impetus, as much digital as dramatic. In keyboard terms he was fully in command – but [redacted] was no threatening glint in the right-hand slashes from on high in the first movement, nor any sharp sting [redacted] phrase-ends in the Vivace: nothing to disturb, and therefore, finally, not quite [redacted] long piece [redacted].

Still, the "dreaming Andante", a popular-nostalgic interlude like those in Prokofiev's other "wartime" sonatas, was rendered with flawless tact – *no* irony, where perhaps none would be in place, but candid tenderness and a softly glowing palette. If Fountain was too generous with his pedal-sonorities, at least he deployed them with a finesse rare among young British pianists these days. The net effect of his Prokofiev was of a cool but steadily interesting argument, scrupulously rendered, without stabs or *subversive undertones*.

His Chopin – the great, late Barcarolle and the B minor Sonata – shared that stamp. Each movement was keenly pursued with deft fingers, and the proportions were excellent. Yet passing moments weren't much explored, nor any urgent subtexts: there was nothing voluptuous in the ravishing development of the Sonata Allegro, a properly stark introduction to the Largo ushered in a merely gracious "Andante", the Finale met Presto standards brilliantly without sounding either harried or nervily triumphant.

Chopin's deep basses were seriously underplayed, except in the slowest music. In the many passages where his harmony confounds what the ear expects, Fountain's delivery was so smooth and unruffled as to conceal the point. I thought it all most candidly and engagingly executed, free of any theatrical effect beyond what the pianist genuinely felt.

His playing has the ring of transparent, unforced charac[redacted] perhaps [redacted] he needs now [redacted] perhaps [redacted] miserable love-affair. [redacted] I thought, anyhow, while he delivered his Chopin encore: it happened to be a piece that Malcuzyinski used to freight with disconsolate, unsayable depths, and hearing it [redacted] into a blithe [redacted] brought one up short.

David Murray

A seasonal pot pourri

William Packer rummages through the London galleries

This is really no season for the serious, reputation-making [redacted] show. Far better to rummage through the racks, [redacted] summon willing artists to work on a given theme, for [redacted] representative selection of Christmas bargains – not that 1991 in the galleries has not been one long sale. And the great benefit of this approach [redacted] the interested viewer or [redacted] collector [redacted] that he [redacted] tour in comparatively [redacted] a [redacted] the full [redacted] of [redacted] art.

The Mayor Rowan Gallery (31a Bruton Place W1) has been quiescent throughout the year. Its current miscellany of work by its gallery artists embraces media of all kinds, from drawings and prints; maquettes and larger works on paper, to the largest oil paintings. Most indeed are [redacted] enough in scale – which of itself allows [redacted] full variety – [redacted] they combine [redacted] tion of the co[redacted]ive achievement in British art that the Rowan has represented these p[redacted] and [redacted] have sadly [redacted] in [redacted] months.

The sculpture of Phillip King; the [redacted] of Anthony Donaldson – conspicuous absentee from the Royal Academy's Pop Art show; paintings [redacted] drawings by Paul Huxley, Mark Lancaster, [redacted]ean Scully, Richard Kidd, Jeremy Moon, Anthony Green, John Golding – whose distinction as a scholar still obscures his true quality [redacted] artist: [redacted] Naylor's large and magnificently ambiguous triptych, hovering between painting, assemblage and relief: all these things are by no means inconsiderable. It is salutary to be reminded that such things are still being done, and [redacted] senior [redacted] accomplished artists still hard [redacted] work.

The Albemarle Gallery too has [redacted] an uncertain year, but is *happily still with us. Its Images of Christ* (18 Albemarle Street [redacted] until December [redacted] shows what can be done when [redacted] bright seasonal idea is carried through with a nice judgment and proper discretion. For, while this exhibition includes one or [redacted] odd, even extraordinary, [redacted] Anthony Green's mystic self-Crucifixion, [redacted] it [redacted] Saint Anthony himself transported by the most tempting of angels, in their black [redacted] and [redacted] stockings, only the most notable it [redacted] no [redacted] in opportunism.

All the works, even the oddest, [redacted] serious, appropriate and properly dignified. They fall into [redacted] roughly equal groups, the Modern [redacted] the Contemporary, that is to say artists of the 20th century both dead and alive. Particular [redacted] *the mind:* [redacted]ley Spencer's "Sabbath Break[redacted]" in [redacted] Berkshire cornfield; David [redacted] sensuously Gill-like Saint Gregory [redacted] Sutherland's study for [redacted] Deposition: Michael Ayrton's [redacted] and powerful working metaphor, "[redacted] Crucifixion [redacted] the Vines".

Of [redacted] of [redacted] artists, [redacted] apart, Francis Souza's large expressionist [redacted] is inescapeable, but John Napper's wry and [redacted] "Flight [redacted] Egypt", with the principals on [redacted] bicycle, [redacted] an "Annunciation" with the [redacted] on the telephone, perhaps [redacted] insidiously [redacted] Raphael shows Christ in [redacted] garden [redacted] disciples asleep, [redacted] haunting rural idyll.

For many [redacted] long [redacted] her translation [redacted] far [redacted] of Hackney, Angela [redacted] celebrating [redacted] gallery Christmas with [redacted] *Beautiful* [redacted]. No theme as such is set, but only [redacted] in [redacted] broadest [redacted] and [redacted] physical limits, [redacted] feet, which [redacted] invited [redacted] are expected to observe. Shows in the past [redacted] centred upon [redacted] collage, [redacted] portrait, the nude [redacted] suchlike: [redacted] year [redacted] is [redacted] *turn of The Abstract, filling the* largest of the three spaces [redacted] East ([redacted] Richmond Road E8: until January 12) with tiny paintings, reliefs and sculptures, [redacted] 85 in all by [redacted].

'Head' 1991 by John Kirby at Flowers [redacted]

For [redacted] the opportunity [redacted] not [redacted] fields, [redacted] always [redacted] a peculiar charm [redacted] series, [redacted] per-sonal [redacted] than [redacted]. As it is, [redacted] gallery known to specialise in figurative art we [redacted] offered [redacted] enjoyable [redacted] through [redacted] currency [redacted] British abstraction by [redacted] young and old, familiar, neglected and forgotten.

Again it [redacted] salutary [redacted] see how well [redacted] older, [redacted] neglected and forgotten stand *up* [redacted] *well established* [redacted] the vaunted young. To see Bernard [redacted] deceptively simple and [redacted] hard-edge images is to wonder just why he was [redacted] picked up by gal[redacted] and [redacted] tion ago, and [redacted] may [redacted] well be said, by [redacted] work here, [redacted] Tyson [redacted] Trevor Sutton, [redacted] Vaux, [redacted] Forster, [redacted] Neagu, [redacted] Blow, John Loker, Bernard Cohen, Bridget Riley and Gwyther Irwin are all [redacted] searching out. [redacted] sculpture, Tim Lewis's cranky wind-up writing [redacted] as delightful a piece as [redacted] now expect of him. [redacted] by Carole Hodgson [redacted] Dave King, and the reliefs of Michael Michaeledes, Andrew Golding and Panayotis Cacoyannis are all worth noting, [redacted] *Pye's small bronze* "Ripple Walls" can only make us wonder why his small and [redacted] is so [redacted] seen in public.

*

A [redacted] of prints published by [redacted] Graphics, including [redacted] work by John Kirby, [redacted] Rothenstein, John [redacted] Albert Irvin, [redacted] upper gallery. The lower gallery holds [redacted] large group [redacted] water-colours by [redacted] Herman, of trees, nudes, figures [redacted] landscapes, all as [redacted] as they [redacted] symbolic.

*

A final word for the Chesea Arts Club, which this year is celebrating [redacted] centenary in all [redacted] of agreeable and inexpensive ways, [redacted] by the *exhibition* [redacted] *by* [redacted] artist members that now fills [redacted] Gallery in [redacted] Gar[redacted] (54 Earlham Street, [redacted] until December 21).

Alastair Muir

Cathryn Bradshaw and Terence Beesley

The Mysterie of Maria Marten

CROYDON, WAREHOUSE

Croydon's antidote [redacted] the pantomime *season can be found* [redacted] *hissing* [redacted]tance [redacted] the mainline station, in cheering proximity to [redacted] legions [redacted] office blocks that keep the Warehouse box office in [redacted] Craig's astute [redacted] has grown [redacted] of seasonal [redacted] theatre, on more [redacted] themes, in which audiences of adults can laugh as they eat without fear [redacted] being hoiked up on [redacted] publicly humiliated.

A couple [redacted] Craig offered a [redacted] revival of [redacted]. *This year, he has mounted a superb* [redacted] of the 19th century spine-chiller [redacted] *Marten*, which shares lit[redacted] of the same name except [redacted] nose for a good story and [redacted] entertainment. The killing [redacted] Maria Marten in the Red Barn at Polstead in Suffolk in 1927 was the cause [redacted] of its age: [redacted] hapless country girl slaughtered by her well-to-do lover, [redacted] was [redacted] hanged [redacted] crime.

The episode is [redacted] through fresh eyes by Chris Bond, [redacted] improvises some imaginative links with the agricultural [redacted] the early 19th century, and even – in one of his wilder flights of fantasy – with the ancestry of Sher[redacted] Holmes. [redacted] links are, [redacted] reader, you must [redacted] yourselves.

[redacted] it [redacted] *devised a splendidly irreverent spoof* thriller, in [redacted] blackmail, fornication, hypocrisy and revenge blend with jolly [redacted] and [redacted] political [redacted]. An [redacted] piano is repeatedly ravished, while in [redacted] inspired onstage centrepiece, a priest [redacted] for the soul of the young Maria with a mean pair [redacted] fiddles. Richard Dunkley's music is funny, sophisticated and well-researched.

This is melodrama that has been fraternising [redacted] *Comfort Farm*: skittish, rude and blissfully profligate with its energies. Bob Mason and Nicky Croydon do splendid service [redacted] Maria's mole-sticking father and her greasy Joan [redacted] a mother, who [redacted] a pot [redacted] country wisdom and [redacted] one show-stopping ballad. Cathryn Bradshaw turns [redacted] pretty palpitation [redacted] Maria, [redacted] Terence Beesley has the driven look of [redacted] murderous villain [redacted] may (or may not) be. The [redacted] might [redacted] most comfortable or elegant [redacted]ues, but [redacted] certainly knows [redacted] its regulars a good time. I doubt if there is a more cheering evening [redacted] be found [redacted] Christmas.

Claire Armitstead

LSO/Davis

BARBICAN HALL

Colin Davis's role [redacted] Chief Guest Conductor of the [redacted] has been established [redacted] he is the orchestra's [redacted] man, [redacted] safe pair of hands which can relied upon to deal sympathetically with the large-scale masterpieces of [redacted] 19th century. As [redacted] article in the current LSO programmes [redacted] patronisingly puts it, Davis is "mellowing [redacted] a substantial interpreter of mainstream symphonies."

On Sunday, with the [redacted] Chorus and a potentially first-rate line-up of soloists, he conducted Beethoven's [redacted] *Solemnis*. It was an intensely serious, weighty affair, predominantly slow-paced, [redacted] brely coloured. [redacted] one [redacted] the [redacted] self-regarding conduc[redacted] can imagine, rarely drawing attention [redacted] own powers, but there are [redacted] when this humility seems [redacted] his performances [redacted] awed by [redacted] majesty of [redacted] he [redacted] conducting . The [redacted]ing-on-eggs opening [redacted] the Kyrie [redacted] for example, so measured [redacted] unadorned, suggested [redacted] work approached on bended knee, a [redacted] that [redacted] hardly [redacted] all for [redacted] faster tempo [redacted] central [redacted].

It [redacted]. The brief explosions [redacted] – [redacted] opening [redacted] the Gloria, [redacted] climactic double fugue on "Et vitam venturi saeculi" in [redacted] Credo – [redacted] only occasions when [redacted] performance [redacted] of [redacted] way [redacted] command attention, though [redacted] Agnus [redacted] beautifully, [redacted] combination of [redacted] and [redacted] movement [redacted] Davis's overall approach [redacted] precisely. [redacted], [redacted] perfectly realised, were [redacted] compensation for [redacted] frequent slackenings of tension elsewhere.

[redacted] singing [redacted] equally [redacted] Among [redacted] solo [redacted] Bryn Terfel was outstanding, growing in vocal command with every appearance [redacted] makes; Katherine [redacted] contributed [redacted] memorable, faultlessly eloquent phrases, Keith Lewis was his usual competent self. The soprano was Alison Pearce, [redacted] late-replacement for the indisposed Sharon Sweet; she seemed sometimes overwhelmed by the occasion. The chorus was attentive but rather raw-toned. A performance undoubtedly made with love and admiration, but failing [redacted] communicate most [redacted] that emotional power.

Andrew Clements

In [redacted] Thursday's concert, Sir Colin and the [redacted] played Dvořák's Seventh Symphony and the Mendelssohn First Piano Concerto (with Mitsuko Uchida as [redacted] – [redacted] touch clattery and flustered in the [redacted] flourishes of the opening but singing the slow-movement [redacted] with inimitably clear-eyed simplicity [redacted] of spirit). As overture, however, [redacted] *sans* [redacted] offered their Barbican audience a novelty: an experiment in controlled improvisation [redacted] *Soft* [redacted] *Shuffle* undertaken by [redacted] LSO players and mounted [redacted] the guidance [redacted] composer Peter Wiegold.

For [redacted] one-and-a-half [redacted] prior [redacted] the event, we [redacted] told, [redacted] been gathering for regular workshops in [redacted] various [redacted] possiblities of improvisa[redacted] could be explored. The [redacted] fruit [redacted] of all [redacted] activity [redacted] pieced together [redacted] a [redacted] written-out "backbone" (Wiegold's word, [redacted] mine) supplied by [redacted] composer and [redacted] extended via the players' responses. The result, alas, showed improvisation [redacted] little [redacted] for whimsy and sort-of-jazz, rude [redacted] from [redacted] brass, and [redacted] *complete avoidance of corpo*[redacted] imaginative fantasy. In plain words, *Soft* [redacted] me [redacted] frightful, time-wasting rubbish.

Max Loppert

Sawallisch's Brahms

ROYAL FESTIVAL HALL

Wolfgang Sawallisch [redacted] the few really distinguished representatives of [redacted] German conducting [redacted]. In his young days – he is now in his late [redacted] – [redacted] gave [redacted] with the [redacted], [redacted] him far [redacted]. Hearing an [redacted] under his baton, [redacted] cannot [redacted] filled with [redacted] regret for [redacted] missed [redacted] more positively, [redacted] *is also filled with* [redacted] hope that [redacted] relationship he has recently [redacted] up [redacted] London Philharmonic will change all [redacted].

Sunday's LPO [redacted] was the first [redacted] all-Brahms programmes (the second next Wednesday); it [redacted] an occasion rich in [redacted] musicianly pleasures. The Brahms Third Symphony was unfolded with eloquently sober restraint. [redacted] were *no great blastings*[redacted] of its motto-theme. No perfumed [redacted] were [redacted] on [redacted] gentle inner movements (though the moulding of melodic lines [redacted] always beautifully supple). [redacted] artificial dramatic contrasts were whipped up in [redacted] finale (though [redacted] closing peace after [redacted] was [redacted] with [redacted] inevitability). Expressive [redacted] rarely touched.

[redacted] sensed [redacted] profound [redacted] in [redacted] approach [redacted] the symphony, a tendency [redacted] half-lights [redacted] quiet poetic [redacted] one was [redacted] into [redacted] musical argument [redacted] than being belaboured, [redacted] with it. [redacted] sort [redacted] Brahms interpretation, deeply imbued with the *sense* [redacted] the music, profoundly idiomatic in [redacted] speak[redacted] Brahms's musical language, [redacted] much more demanding [redacted] than the flashier sort. Moments [redacted] imprecise [redacted] and, in [redacted] first violins, [redacted] slight [redacted] on the tone suggested [redacted] the [redacted] familiarity [redacted] *is not yet* fully secured. The rewards [redacted] the performance were multifarious [redacted] long-lasting, [redacted] imperfections of little moment.

[redacted] same intermittent loose[redacted] of orchestral focus had [redacted] the accompaniment [redacted] the [redacted] Piano Concerto, [redacted]lier in [redacted] evening. This time [redacted] overall experience proved [redacted] satisfactory, because of [redacted] marked contrast between Sawallisch's [redacted] and instincts and [redacted] of the soloist, [redacted] Pollini. As [redacted] might have expected, [redacted] piano part [redacted] accomplished with invincible strength, solidity and technical command; but for all that, it [redacted] me utterly lacking in warmth. [redacted] great interpreters [redacted] this [redacted] with it, betray quirks of individual inspiration, [redacted] depths [redacted] Pollini's [redacted]nificent, armour-plated competence [redacted] I fear, [redacted] a [redacted] of understanding.

Max Loppert

INTERNATIONAL ARTS GUIDE

TODAY'S EVENTS

AMSTERDAM

Concertgebouw 20.15 Song recital by Anthony Rolfe [redacted] accompanied by Catherine Edwards. Tomorrow and Thurs: Bach's Christmas Oratorio (6718 345).
Muziektheater 20.00 Carlo Rizzi conducts [redacted] Schroeter's production [redacted] Luisa Miller. [redacted] Tomorrow afternoon, Thurs, Fri and Sun afternoon: [redacted] Ballet production [redacted] Lake (6255 455/credit card bookings 6211 211)

BERLIN

Philharmonie Kammermusiksaal 20.00 Bernard Haitink conducts the Berlin Philharmonic [redacted] in Dvorak's Serenade op 44 and Haydn's Symphony No 86. Repeated tomorrow, Thurs and Fri (West Berlin 2614 383)
Schauspielhaus 19.00 Family concert by the Neue Kammersymphonie, with a programme including Prokofiev's [redacted] and [redacted] Wolf [redacted] Saint-Saens' Carnival [redacted] Animals. Tomorrow: Berlin Symphony Orchestra. Thurs: [redacted] Hendricks is [redacted] with the Wurttemberg Chamber Orchestra. Fri: Mozart's arrangement [redacted] Handel's [redacted] Christmas Oratorio. Sun: [redacted] B minor [redacted] (East Berlin 2272 261)

BRUSSELS

Palais des Beaux Arts Tonight at 20.00, Dirk Vermeulen [redacted] Prima La [redacted] the [redacted] in Requiems by Mozart [redacted] Salieri. Fri: Ronald Zollman [redacted] the Belgian National [redacted] in [redacted] La [redacted], Tchaikovsky's Fourth Symphony and Britten's [redacted] Illuminations. (507 8200)
Monnaie Sylvain Cambreling conducts [redacted] new production of Le nozze di Figaro tonight and Fri at 19.00, also [redacted] 15.00. The [redacted] includes Dale Duesing, Hillevi Martinpelto, [redacted] Smytka [redacted] van Dam. Tomorrow, Thurs and [redacted] Mark Morris [redacted] Group in The Hard Nut, music by Tchaikovsky (219 6341)
Theatre National Tomorrow at 20.15, Jean-Pierre [redacted] Donies' production of Gianni Schicchi. [redacted] Fri, Sat and Sun afternoon (217 [redacted])

COLOGNE

Philharmonie Tonight at 20.00, Christian Collum conducts the choir of the [redacted] *Bach Society in* [redacted] by Bach and [redacted]. Tomorrow: [redacted] Christmas Oratorio. Thurs and Fri: Russian folk [redacted] with the Red Army Chorus and Ensemble (2801)
Opernhaus [redacted] and Gretel can [redacted] Fri. Jochen Ulrich's Tanz-Forum production [redacted] and Juliet [redacted] showing on Thurs. [redacted] Sun, Lothar Zagrosek [redacted] first night of Michael Hampe's new production [redacted] Die Entfuhrung aus [redacted] (221 8400)
Schauspielhaus Tonight's performance [redacted] The Robbers, [redacted] by Torsten Fischer, repeated tomorrow. Thurs: [redacted] (The Maids). Fri and [redacted] Aristophanes' Lysistrate. Thurs in [redacted] Kammerspiele: [redacted] Jungle [redacted] 8400)

FRANKFURT

Jahrhunderthalle [redacted] Tonight at [redacted] Jorg Faerber [redacted] the Wurttemberg Chamber [redacted] in music by Bach, Stamitz, Mozart [redacted] Corelli. Tomorrow and Thurs: Ballet Argentino [redacted] in choreographies by Petipa and Mollajoli (3601 240)
Opernhaus William Forsythe's [redacted] Small [redacted] on [redacted], and Lohengrin [redacted] Sun (236061)
Alte Oper A Christmas production of [redacted] Andrew Lloyd Webber/Tim [redacted] Jesus Christ Superstar opens on Fri, [redacted] runs daily except for [redacted] Eve [redacted] New Year's Eve (1340 400)

GENEVA

Grand Theatre *20.00 Armin Jordan* conducts Jerome Savary's production of Die Fledermaus, with [redacted] cast led by Patrick Raftery, Cynthia Lawrence and Jeanne Piland. [redacted] till Dec 31, with next performances [redacted] Thurs [redacted] Sat (212311). Tomorrow in Lausanne and Fri in Geneva's Victoria Hall: Heinz Holliger [redacted] la [redacted] in [redacted] by [redacted] Holliger (292511). Sun in Victoria Hall: [redacted] Chant [redacted] presents a [redacted] music by Schumann, [redacted] Michel [redacted] (286820)

LONDON

[redacted] **Wells** 19.30 London City [redacted] opens a [redacted] season with [redacted] Lake, runs daily till [redacted] 31 except Christmas [redacted] and [redacted] *Day. Jan 2-4:* [redacted] Stevenson's production [redacted] and [redacted] (071-278 [redacted])
Royal [redacted] Hall 19.30 Lorin [redacted] conducts the Philharmonia [redacted] in [redacted] Symphony, with [redacted] Dunn and Linda Finnie. Tomorrow: Sawallisch [redacted] the LPO (071-928 8800)
Queen Elizabeth Hall 19.45 John Williams plays guitar [redacted] by Vivaldi [redacted] *Giuliani* [redacted] the Academy [redacted] St Martin in [redacted] Fields [redacted] by [redacted] Sillito. Tomorrow: Nicholas Kraemer [redacted] Handel's Messiah (071-928 8800)
Covent Garden [redacted] Hartmut Haenchen [redacted] Graham Vick's production [redacted] Mozart's Mitridate, with Jochen Kowalski, Ann Murray, Yvonne Kenny and Gillian Webster, also Thurs. Tomorrow and Fri: *Le nozze di Figaro.* [redacted] The [redacted] (071-240 1066)
Coliseum 19.00 English [redacted] Opera production [redacted] Le nozze di Figaro, [redacted] Thurs. Tomorrow and [redacted] Die [redacted]. Fri: Rimsky-Korsakov's Christmas Eve (071-836 3161)
[redacted] 19.45 [redacted] ECO [redacted] Tallis Chamber Choir in excerpts from *Elgar's Starlight Express* [redacted]. Tomorrow: RPO [redacted] (071-638 8891)

MADRID

This week's [redacted] Auditorio [redacted] de [redacted] a [redacted] tonight by [redacted] Spanish [redacted] Chorus, [redacted] by [redacted] Blancafort. [redacted] Thurs, there [redacted] Mozart concert with [redacted] *for* [redacted] *string trio.* [redacted] Spanish National [redacted] programme (Fri, [redacted] and Sun) [redacted] by Juan [redacted] Izquierdo, and includes [redacted] and [redacted] Concerto, with Jean-Pierre Dupuy (337 0100)

MUNICH

Staatsoper 19.30 La boheme with Lyubov Kazarnovskaya [redacted] Mimi [redacted] Dvorsky as Rodolfo, [redacted] *Fri. Tomorrow* [redacted] *Hansel* [redacted]. Thurs: Rene Kollo sings [redacted] Grimes in Tim Albery's production [redacted] Britten opera, [redacted] by [redacted]. Sun: Minkus' [redacted] Don [redacted] (221316)
Philharmonie [redacted] The Magic [redacted] Balalaika, with the Ossipov Balalaika [redacted] from the [redacted] Union. Tomorrow and Fri: Leonard [redacted] conducts the Munich Philharmonic [redacted] in [redacted] Symphony and Beethoven's [redacted] Piano Concerto, with Christian Zacharias. [redacted] Mozart's arrangement [redacted] (48098 614)
Herkulessaal der Residenz [redacted] Simon Preston plays three Handel organ [redacted] Collegium. Thurs: [redacted] Baroque [redacted] plays [redacted] music by Corelli, Vivaldi [redacted] *Torelli. Fri: Franz* [redacted] the [redacted] Radio Symphony [redacted] in Franz Schmidt's Fourth Symphony and Shostakovich's [redacted] Concerto, with [redacted] Yang [redacted]

STOCKHOLM

Royal Opera [redacted] Ashton's production [redacted] Cinderella, [redacted] by [redacted] *Somes, is showing* [redacted] *tonight,* tomorrow [redacted] Fri. Thurs: Ingvar Wixell sings the [redacted] in Simon Boccanegra (248240)
Konserthuset This [redacted] by [redacted] Philharmonic [redacted] place tomorrow [redacted] Thurs and [redacted] Neeme Jarvi. [redacted] programme [redacted] of [redacted] Eine kleine Nachtmusik, [redacted] sprach Zarathustra [redacted] Rodrigo's [redacted] de Aranjuez, with guitar [redacted] *Skareng (244130)*

WASHINGTON

Kennedy [redacted] This [redacted] the [redacted] Hall include two Pops [redacted] with the National Symphony [redacted] and [redacted] King Sisters, [redacted] and Thurs. [redacted] the [redacted] Theater, [redacted] O'Casey's play The [redacted] a Gunman (1923) can be seen in a production directed by [redacted] daughter Shivaun, from tonight till [redacted] 29 (416 4600)
Blues Alley Jazz Supperclub The Phil Woods Quintet will [redacted] playing from Thurs till Sun (1073 Wisconsin Ave, 337-2338)

European Cable and Satellite Business TV

[redacted] CET)

MONDAY TO FRIDAY

[redacted]
[redacted] Moneyline
[redacted] Morning
[redacted] Day
2000-2030 [redacted] Today – a joint [redacted] production [redacted] Perry and [redacted] Chapman
2300-2330 [redacted] Business Today
0100-0130 Moneyline

Super [redacted]
0600-0620 [redacted]
[redacted] (Tues) [redacted] Europe Report – weekly indepth analysis from FTTV
2130-2200 [redacted] FT [redacted] - global business [redacted] with [redacted] Bellini
[redacted] (Thurs) Talking [redacted]

Sky News
1200 International Business Report
1130, 1730, 2130, 0430, 0530 (Thurs) FT [redacted] Weekly

SATURDAY

CNN
0730-0800 Moneyline
0900-0930 World Business This [redacted] - a joint [redacted] Moneyweek
[redacted] Business This [redacted]

SUNDAY

Super [redacted]
1800-1830 FT [redacted] Weekly

Sky [redacted]
[redacted] 1630, [redacted] *0230 FT* Business Weekly

CNN
[redacted] World Business This [redacted]

FINANCIAL TIMES
NUMBER ONE SOUTHWARK BRIDGE, LONDON SE1 9HL
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Tuesday December 17 1991

Helping post-Soviet reform

[illegible] IS the first and, perhaps, the [illegible] chance for the [illegible] to promote radical economic reform in the former Soviet Union. Until the August coup, [illegible] dead hand [illegible] the old [illegible] empire made reform impossible. Mikhail Gorbachev never understood what economic reform required or, [illegible] he did, was unwilling [illegible] accept its implications for his Leninist faith.

With the collapse [illegible] the centre, the opportunity has now fallen [illegible] the republican governments. But their [illegible] may prove [illegible] From now on they will be held responsible for [illegible] decline. If [illegible] decline progresses unchecked, they will [illegible] their popularity and perhaps their power. These governments must act, in their own individual interest. But after the signing [illegible] commonwealth agreement [illegible] Russia, [illegible] Ukraine [illegible] Belorussia, they [illegible] enjoy an opportunity [illegible] act, [illegible] necessary, together.

An integrated economy needs free [illegible] and [illegible] convertibility. The west should, therefore, make assistance to [illegible] individual members of [illegible] new commonwealth of independent [illegible] contingent on [illegible] agreement [illegible] a ban [illegible] customs barriers [illegible] internal trade, and [illegible] union.

Experience in eastern Europe confirms the importance of the the [illegible] element. Members [illegible] Comecon were far less dependent on [illegible] with [illegible] another than [illegible] Soviet republics [illegible] internal Soviet trade. Nevertheless, [illegible] collapse [illegible] Comecon has contributed significantly [illegible] an [illegible] depression.

Meanwhile, reform in individual republics will have [illegible] focus [illegible] the trinity of macro-economic stabilisation, price liberalisation [illegible] privatisation.

Monetary reform

Experience [illegible] that [illegible] change of political regime [illegible] a [illegible] – the [illegible] a new currency [illegible] an old one – [illegible]ble. Experience [illegible] suggests its desirability. Stabilising a high [illegible] is [illegible] It [illegible] be [illegible] that phase altogether, by demonetising the old Soviet rouble, bankrupt symbol [illegible] a bankrupt [illegible] and substituting new republican moneys [illegible] quantity [illegible] consistent [illegible] the current overall price level.

Monetary reform is impossible, however, if budget deficits cannot be [illegible] Ways [illegible] found [illegible] doing so within each [illegible] the republics. Among those [illegible] must be included both radical and swift reform of the [illegible]

Price liberalisation

[illegible] liberalisation should, ideally, follow monetary reform and [illegible] privatisation of retail [illegible] wholesale trade, small enterprises and agriculture. Reconstruction and privatisation [illegible] large enterprise will prove [illegible] huge and [illegible] But in [illegible] of [illegible] most important industry, which [illegible] oil, leasing [illegible] much [illegible] – perhaps on a profit-sharing basis – is an immediate priority.

In the hazardous enterprise [illegible] republics [illegible] the [illegible] Union – [illegible] all Mr [illegible] – are now engaged, [illegible] offer four things: emer[illegible] help [illegible] shortages, [illegible] help [illegible] the [illegible] cities [illegible] parts [illegible] military-industrial complex; comprehensive technical assistance, preferably through joint commissions located in [illegible] of [illegible] republics; a fund [illegible] secure convertibility of new republi[illegible] currencies on current account; [illegible] long-term [illegible] with the infrastructure needed by a market [illegible]

The recent activism of the US, including [illegible] of [illegible] Baker, the Secretary [illegible] State, marks a recognition [illegible] on it alone falls the burden of leadership. But [illegible] need [illegible] is far more widely shared. [illegible] of the major [illegible] strong reasons – be they budgetary or political – for holding back. But all have far stronger reasons for coming [illegible]ward. The [illegible] may be low, but the costs [illegible] daunting. [illegible] west, has spent trillions defending [illegible] from [illegible] Union; it [illegible] now afford not to [illegible] make such spending unnecessary in future.

Rough stuff in housing

IF THE British government's response to the rising [illegible] of repossessions in [illegible] housing market has, [illegible] Mr Paddy Ashdown's phrase, [illegible] timid and indecisive, there is [illegible] very obvious reason [illegible] it. The government is seeking to [illegible] the transition [illegible] a low-inflation [illegible] and it [illegible] to pursue [illegible] objective through [illegible] Exchange [illegible] (ERM). Such a change in macro-economic management, [illegible] which all the three main political parties [illegible] now committed, [illegible] be brought about without huge adjustment costs. The rise in repossessions from less [illegible] in [illegible] a possible 85,000 this [illegible] a reflection [illegible] bald fact. In [illegible] monetary policy in [illegible] half [illegible] the [illegible] ensured [illegible] abnormally high level [illegible] pain in housing in [illegible] present recession was simply inescap[illegible]

House prices have always [illegible] prone to sharp fluctuations in real terms [illegible] the [illegible] the economic cycle. In the boom, home [illegible] would borrow increasing [illegible] in relation to [illegible]ings, [illegible] propelling prices upwards. In the downturn inflation provided an adjustment mechanism [illegible] minim[illegible] social [illegible] house [illegible] fell in [illegible] terms, earnings rose [illegible] help bring debt-to-income ratios back into line and borrowers [illegible] their invest[illegible] in housing [illegible] negative real rates [illegible] interest.

Ratios doubled

[illegible] in [illegible] present boom and [illegible] cycle [illegible] that financial deregulation helped double [illegible] ratios in the personal [illegible] during [illegible] boom. This [illegible] a level [illegible] outstanding [illegible] that [illegible] not, [illegible] the Treasury claims, [illegible] when compared with other deregulated economies [illegible] the US, [illegible] or Japan. But those [illegible] retain the [illegible] to reduce interest [illegible] in response to domestic conditions. In contrast Britain's personal sector now has to [illegible] high [illegible] rates appropriate [illegible]tions in continental Europe while sporting [illegible] Anglo-Saxon debt mountain.

This [illegible] recipe for rapid disinflationary adjustment with maximum [illegible] Just as devaluation no longer [illegible] an [illegible] to companies [illegible] concede excessive [illegible] settle[illegible] in relation [illegible] European competitors, inflation [illegible] longer provides [illegible] painkiller for the borrower. Small wonder, against [illegible] background, [illegible] the savings [illegible] stubbornly high [illegible] that people attach greater priority to [illegible] than consumption.

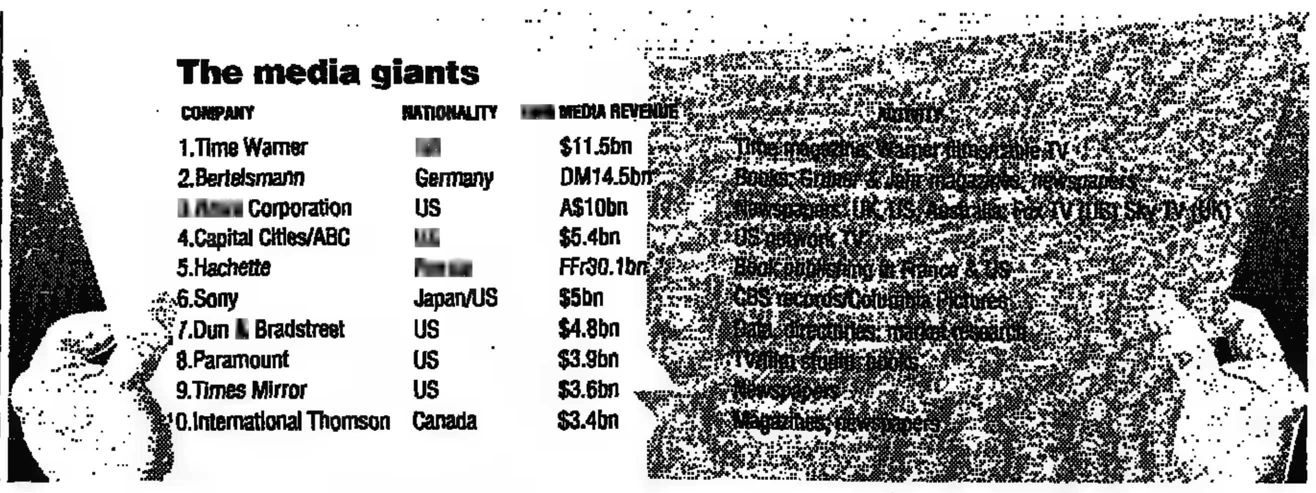
Big numbers

A figure [illegible] 85,000 [illegible] is little more than half a percentage point of the total housing [illegible] than [illegible] per [illegible] of [illegible] annual volume [illegible] transactions in housing. [illegible] more than [illegible] people are now more than [illegible] in [illegible] and an astonishing one in [illegible] months [illegible] with [illegible] – big numbers in terms [illegible] expecta[illegible] and political [illegible]

Having exaggerated [illegible]nomic advantages [illegible] wider [illegible] ownership and failed [illegible] on the impact [illegible] financial policies, [illegible] government [illegible] responsibility [illegible] negative equity in their [illegible] and cannot [illegible] their obligations. That responsibility will hardly be discharged by allowing [illegible] and building societies [illegible] paid borrowers' income support directly – a curious reward for imprudent lending. But [illegible] such tinkering [illegible] price to be paid for persuading mortgage [illegible] and [illegible] to promote [illegible] to transform debt [illegible] into rental payments, so be [illegible] In the current dialogue between government and lenders, ministers should also prod the building societies into [illegible] more supportive attitude [illegible] money [illegible]

But there are limits [illegible] what can [illegible] done. In many mortgage defaults, repossession occurs [illegible] is abandoned. [illegible] the [illegible] to [illegible] if the government is [illegible] achieve its disinflationary objective. It [illegible] that electoral slogans promoting the joys of ownership will look singularly hollow [illegible] those for whom ownership has entailed an introduction [illegible] highest real [illegible] of interest since the war and [illegible] threat [illegible] immediate dispossession.

The media giants



COMPANY	NATIONALITY	[illegible] MEDIA REVENUE	ACTIVITY
1.Time Warner	[illegible]	$11.5bn	[illegible]
2.Bertelsmann	Germany	DM14.5bn	[illegible]
[illegible] Corporation	US	A$10bn	[illegible]
4.Capital Cities/ABC	[illegible]	$5.4bn	[illegible]
5.Hachette	[illegible]	FFr30.1bn	[illegible]
6.Sony	Japan/US	$5bn	[illegible]
7.Dun [illegible] Bradstreet	US	$4.8bn	[illegible]
8.Paramount	US	$3.9bn	[illegible]
9.Times Mirror	US	$3.6bn	[illegible]
10.International Thomson	Canada	$3.4bn	[illegible]

Bronwen Maddox on media winners and losers

Headline makers

W[illegible] a director [illegible] Mr Rupert Mur[illegible] Corporation was [illegible] recently [illegible] his company might buy [illegible] the businesses [illegible] being shed by [illegible] collapsed empire [illegible] the [illegible] Mr [illegible] Maxwell, he burst out laughing. "We won't [illegible] in [illegible] position [illegible] buy anything for ages – [illegible] out of that race."

While [illegible] media groups [illegible] still labouring under a mountain [illegible] debt acquired during the spending [illegible] of [illegible] 1980s, some [illegible] building [illegible] empires: yesterday the Canadian Mr Conrad Black, propri[illegible] the Daily Telegraph, won [illegible] of [illegible] failed Fair[illegible] and magazine [illegible]

[illegible] Mr Maxwell's collapse signal [illegible] attempts to build [illegible] media empires, or [illegible] convincing arguments [illegible] off? Who are the [illegible] and losers [illegible] race [illegible] began in [illegible] mid-1980s?

[illegible] and [illegible] world's [illegible] companies – owning films, television, [illegible] books – spent about $150bn [illegible] on [illegible] They spent roughly [illegible] $50bn-$100bn in satellite [illegible] channels, and in developing [illegible] imprints. [illegible] Allen [illegible] Hamilton, [illegible] media consultants, say media companies [illegible] $20bn (£11.1bn) [illegible]

That expansion [illegible] many [illegible] the world's largest groups financially strained. Mr Murdoch's media empire, [illegible] third-largest in [illegible] and a chain of national [illegible] and Sky [illegible] in [illegible] UK, has not disintegrated. [illegible] bankers, [illegible] year [illegible] agreed [illegible] reschedule the Murdoch empire's [illegible] of about [illegible] Warner, the world's largest media group, which owns [illegible] magazine and [illegible] film studios, is shackled by debts [illegible] (£4.72bn), and is issuing calls for joint venture partners to share the cost of developing its cable television and magazines. The French giant Hachette, [illegible] world's [illegible] five media group, finds its plans [illegible] by debts [illegible] some FFr7bn (£710m).

[illegible] the financial predicament [illegible] some of the [illegible] aggressive predators of the [illegible] investors, bankers, and the companies themselves have [illegible] whether the [illegible]sion was worthwhile. [illegible] suggest [illegible] may now [illegible] falling [illegible] sharply.

● [illegible] belief [illegible] advertising, [illegible] television, [illegible] and magazines, [illegible] steadily, and [illegible] resistant to recession has [illegible] destroyed in the past [illegible] particularly in the [illegible]sion-hit US and UK.

● [illegible] question-mark over advertising reve[illegible] bankers [illegible] likely [illegible] be [illegible] leveraging up [illegible] flow [illegible] their balance [illegible] valuations of "intangibles" – the [illegible] of [illegible] magazines, and catalogues of record companies and book publishers.

● Many of [illegible] largest media [illegible] privately-controlled: Bertelsmann, Hachette, [illegible] Corporation, International Thomson, Maxwell Communi[illegible] Corporation. [illegible] small [illegible] companies competing for acquisitions in the [illegible] have suggested [illegible] such companies [illegible] able to [illegible] takeover prices because they [illegible] by [illegible] censure [illegible] outside shareholders. However, [illegible] private [illegible] today [illegible] the most highly geared and their spending power [illegible] now curbed.

In retrospect [illegible] and [illegible] have [illegible] come [illegible] question the [illegible] would [illegible] a global business. Many companies [illegible] argument – [illegible] need [illegible] become global – [illegible] a justification for [illegible] high prices they paid for acquisitions. Reed International, the UK publisher, said it could [illegible] of [illegible] it [illegible] £550m in 1987 for the [illegible] publisher Octopus; [illegible] justified [illegible] (£7.7bn) merger on [illegible] basis too; so [illegible] Mr Murdoch when he [illegible] Collins books, and merged it [illegible] Harper Row [illegible] the US.

Such acquisitive companies enjoyed [illegible] advantages [illegible] arguing [illegible] in media, size does pay. First, in [illegible] film industry, and in records, or books, [illegible] are painfully aware [illegible] success – what makes [illegible] hit – remains unpredictable. So [illegible] of creating [illegible] winner are [illegible] by having as large [illegible] "laboratory" as possible in which [illegible] develop and produce [illegible] Small media companies without the [illegible] large [illegible] "laboratory" [illegible] without a popular hit.

Second, [illegible] nesses – particularly films, television programmes, and books – "sink their costs" up front – they spend a greater part of the total investment at the outset in creating the film or book. The costs of then marketing the film or book are relatively small. It is, therefore, critical to win as wide an audience as possible; the wider the audience the greater the profit.

Such arguments were widely used by the big media groups in the 1980s to justify their appetites. But the dismal performances of these groups, coupled [illegible] recession, has somewhat undermined [illegible]

First, economies of [illegible] proved [illegible] Street analysts have [illegible]mented [illegible] Time [illegible] disappointingly [illegible] make [illegible] they [illegible]ted, [illegible] why [illegible] debt remains [illegible] high.

[illegible] successful examples [illegible] truly global media busi[illegible] scarce – [illegible] different countries [illegible] different cultures share [illegible] same [illegible] Businesses that travel [illegible] tend to [illegible] specialised – Elsevier, [illegible] Dutch publishing [illegible] world's [illegible] in science journals and [illegible] publications are read outside the Netherlands. More than [illegible] from financial [illegible]tion [illegible] its UK [illegible]

Sony, the Japanese [illegible]ics giant which paid [illegible] (£1.[illegible] for the Hollywood [illegible] 1989, and Matsushita, [illegible] rival, [illegible] the MCA studio last [illegible] one [illegible] the big[illegible] on the assumption [illegible] are [illegible] global product – the next [illegible] show [illegible] that is correct.

Yet these examples [illegible] and [illegible] between. While some [illegible] do manage [illegible] diversify or extend their world[illegible] operations, [illegible] concen[illegible] on their home market, from where [illegible] of their busi[illegible] is derived. The large, print-based groups such as Gannett and Knight Ridder unsurprisingly are mainly English-language based, and mainly American. Reed International, the UK publisher which has [illegible] £1.58bn turnover and [illegible] of the 20 [illegible] media groups in the world, [illegible] business between the UK and US.

[illegible] dependence [illegible] domestic [illegible] true of many [illegible] leading European groups. The German publisher Bertelsmann [illegible] Axel Springer and Burda [illegible] granted magazine, [illegible] publication rights [illegible] war. These allowed the publishers [illegible] markets, even though the [illegible] rules were gradually liberalised, and laws discouraging media cartels introduced in 1976.

In Italy, [illegible] Silvio Berlusconi, the property tycoon, has [illegible] gain [illegible] several TV [illegible] through his holding [illegible] Fininvest, and [illegible] to control more than a fifth [illegible] Italian weekly magazine [illegible]

Most [illegible] these European groups have only just [illegible] to experiment with doing business outside their national boundaries. They have not yet managed to demonstrate that [illegible] media industry [illegible] truly international. [illegible] they will [illegible] an opportunity [illegible] test that proposition as acquisition prices fall, bargains appear on the market, and rivals are busy repairing their balance sheets.

Among the best-placed companies [illegible] expand in the [illegible] ahead [illegible] International. It [illegible] known [illegible] interested in companies [illegible] Mr Max[illegible] empire, in particular Official Airlines Guide, [illegible] US travel directories business, [illegible] Mr [illegible] bought for $750m (£416m) in [illegible], Reed hopes to pay a lower price.

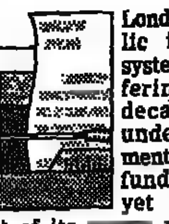
Bertelsmann which, like Reed, held back [illegible] the media takeover race in the 1980s, is similarly well-placed: it has announced that it plans to spend DM9.5bn (£3.3bn) in the next three years, on German pay-TV, new newspapers in east Germany, and possibly on new ITV licences in the UK, if stakes become available.

Companies [illegible] Reed and Bertelsmann, now searching [illegible] cheap acquisitions, [illegible] ruled out paying the [illegible] prices of the 1980s. They will not [illegible] to, [illegible] as they happily concede, [illegible] are plenty of bargains [illegible] be had. It is [illegible] companies, and [illegible] Murdoch and [illegible] Warner, which [illegible] yet [illegible] as the [illegible]

PERSONAL VIEW

How to get London moving

By Tony Travers and Stephen Glaister



London's public transport system is suffering from decades of under-investment and new funding [illegible] yet to solve most of its [illegible] problems. Something must be done.

[illegible]ral reports have been published on the capital's transport problems. Some of these [illegible] included proposals for more spending [illegible] investment or fares subsidy. But it is rare for such proposals to include ways of funding. Nor is the public given the information in a form which would allow it to express a view about the choices on offer.

So what are the best means of raising additional sums to revive a service sorely in need of greater investment? There are five principal ways of raising the extra money:

- Road pricing;
- A development levy or supplementary business rates;
- Increasing the existing national non-domestic rate (NNDR);
- Large fare increases; and

Private sector contributions to new rail lines.

It would [illegible] possible, for example, to [illegible] roads [illegible] effectively. [illegible] present road space is rationed by queuing. Road pricing could reduce congestion so that it would be easier to run bus services. London Transport estimates that if the 3mph loss in bus speeds since the mid-1970s could be restored, the savings to buses would amount to £65m a year (largely because in a faster service, fewer buses would be required) and [illegible] to passengers would exceed £120m per year. The yield from road pricing could be invested in the transport system.

If bus services could be made more effective, their expansion would be a reasonable alternative to new London Underground [illegible] Some £1m will buy 10 [illegible] double-decker [illegible] in buses [illegible] one tenth of [illegible] on the Underground.

Whatever might be done by road pricing and buses, there will be continuing demands to [illegible] extend the existing tube and suburban rail systems. British Rail and London Transport's list of government-approved projects for [illegible] next decade or so includes the east-west Crossrail, the Jubilee Line extension and the Chelsea-Hackney Line (each costing at least £1bn at today's prices). BR requires several billion to bring its system up to [illegible]

One of these projects – the Jubilee Line – has received [illegible] private support [illegible] should be completed by [illegible] [illegible] unlikely [illegible] completed before 2000 and do not, at present, appear likely to be funded by anything [illegible] than national taxation.

The alternative options [illegible] above have barely been considered. Like standards [illegible] service, fare levels have fallen behind incomes or standards of living, while the long-term costs of maintaining the system are much higher than previously thought.

[illegible] increases can, and should, make [illegible] contribution towards funding. [illegible] increases will not, alone, yield sufficient resources. The government has stated that it would like private sector contributions to new rail lines, but has yet to find an [illegible] mechanism [illegible] capture the financial benefits.

Olympia & York, the Canadian company developing Canary Wharf in Docklands, has made voluntary contributions towards the cost of new transport infrastructure. Few other developers have responded likewise. An alterna[illegible] could be a development levy on properties within a limited distance of [illegible] new line.

A further possibility would be a small additional non-domestic rate payment on top of the existing non-domestic rate.

If the extra cash yielded by road pricing, a development levy or supplementary business rates were used as a notional 40-year mortgage to fund transport investment, for every £100m collected an extra £1.2bn worth of infrastructure could [illegible] bought at an [illegible] per cent real rate of interest.

As an example of the many alternatives, all the bus and rail investment proposals outlined above could be funded in full by [illegible] 30 per cent increase in fare, together with an 8 pence levy on the NNDR in Greater London, a 4 pence levy on the NNDR in the rest of the south-east and an annual £65m government grant (representing an estimate of traffic congestion benefits).

To date the public has not been given the opportunity to weigh up the cost and benefits of using resources for, say, renovating the existing Underground as against building new lines, or balancing the advantages of new railways against improvements to bus services.

There are choices to be made [illegible] priorities [illegible] transport investment, about how services [illegible] be provided and about financing options. Only when [illegible] understand the trade-offs, costs and benefits can they [illegible] appropriate [illegible] to politicians. At present, decisions affecting the capital's [illegible] are being made in ignorance.

This article is based on 'Transport Options for London', published by the Greater London Group, London [illegible] of [illegible]nomics, price £17.50.

Stephen Glaister is Cassel Reader [illegible] Economics and Tony Travers is director of research, Greater London Group, LSE.

No longer "M" but "W"

■ Chairman of The Reform Club, [illegible] personality [illegible] year, and now head of MI5. Women are certainly winning [illegible] foothold on the bastions of [illegible] male-dominated establishment.

True, getting to be chairman [illegible] a FT-SE [illegible] CBI director-general [illegible] of Eton might take longer. [illegible] their cause is advancing [illegible] accelerating speed. [illegible] time [illegible]

Not [illegible] lot [illegible] known about [illegible] – 56-year-old Stella Rimington, the new [illegible] general [illegible] The [illegible]rity Service. [illegible] worked in it for 22 years, and is currently [illegible] deputy level.

Since no one [illegible] to interview, [illegible] photograph her, [illegible] shall just [illegible] government's word that [illegible] person for the job. Which [illegible] the thought that, while US-Congress-style hearings are not the right answer for [illegible] appoint[illegible] one, UK ministers have so far done little to honour their commitment to greater public scrutiny of Britain's intelligence [illegible]

Indeed, there is a danger that the hullabaloo about the appointment of Britain's first spy mistress, is obscuring a bigger reshuffle. Sir Percy Cradock, the prime minister's foreign policy adviser and chairman of the joint intelligence committee, retires in May, and Sir Colin McColl, head of MI6, is 60 in September.

Perhaps it is time that the government merged all its intelligence gathering bodies and appointed a chief spook.

Ear bending

■ The indefatigable Yuichiro Nagatomi, recently retired from [illegible] top job at [illegible] Japanese Ministry of Finance, has [illegible] foreign financial company [illegible] need help in making [illegible] known to his former colleagues there.

So – wearing his [illegible] as director-general of Quick [illegible] Institute, a privately-owned think tank – he has established [illegible] up mostly [illegible] executives from foreign banks and securities companies. Rejoicing in [illegible] title [illegible] "the [illegible] how to make Tokyo financial mar[illegible] transparent and [illegible]" [illegible] CTTI [illegible] short, [illegible] group [illegible] prepare a report on further mar[illegible] present [illegible] to the finance ministry next summer.

[illegible] sceptics might suppose the ministry already has enough [illegible] reports, Nagatomi thinks for[illegible] companies [illegible] co-ordi[illegible] their views. Although [illegible] he approached claimed they [illegible] busy [illegible] join [illegible] committee, he says, others hailed it as [illegible] good idea.

No [illegible] the committee [illegible] will [illegible] hoping that Nagatomi, [illegible] former director-general of the national tax agency, will be able to use his [illegible] influence [illegible] sure their ideas are heard where it most counts.

Clark's exit

■ It will come as no great surprise [illegible] 44-year-old Stephen Clark, the County NatWest finance director acquitted of being part of the alleged Blue Arrow rights issue fraud, has now left the bank.

Part of [illegible] successful defence was to allege that [illegible] management conspired with Bank of England [illegible] unfairly [illegible] blame those at the merchant bank involved in running the issue. This allega[illegible] denied by [illegible] the Bank.

Unlike Alan Keat, the solicitor acquitted of joining the conspiracy who [illegible] now [illegible] at work with his old firm of [illegible] Smith Braithwaite, Clark's [illegible] at NatWest were probably limited. Since Clark had worked for the group since 1965, [illegible] is nice [illegible] know that [illegible] done the honourable thing and rewarded him with a leaving package. Pity the terms had to be kept [illegible]nfidential.

OBSERVER

"This [illegible] photo clearly [illegible] nuclear [illegible] heads changing hands [illegible] Minsk [illegible]"

League leader

■ The turmoils of England's soccer game have kicked up [illegible] counter-example to St Matthew's ruling that prophets are not without honour, save in their own backyard. The exception is Rick Parry, seen as [illegible] virtual certainty [illegible] first chief [illegible] of English [illegible] new premier league.

While the question on Lon[illegible] lips is "Who he?," nobody needs [illegible] ask in Manchester, where [illegible] was [illegible] of [illegible] city's bid [illegible] the [illegible] Olympics.

[illegible] product [illegible] Ellesmere Port Grammar School and Liverpool University, he trained as an accountant with Ernst & Young. He then [illegible]ked as financial [illegible] of Hoseasons, [illegible] holiday [illegible] firm, but came to public notice when Ernst [illegible] Young [illegible] him to run the Phoenix Initiative in Manchester, a [illegible]ble inner city project.

From there, [illegible] became involved with [illegible] Olympics bid as one of [illegible] large team put together by [illegible] impresario Bob Scott, who incidentally met the prime minister yesterday to woo support for Manchester's attempt to [illegible] of 2000.

By his work on the previous bid, Parry undoubtedly proved himself in the arcane world [illegible] sports politics as well [illegible] picking up [illegible] diplomatic skills to deal with the International Olympic Committee.

Baptism of fire

■ Still on [illegible] subject of [illegible] premier league, Parry's new boss, Barclays' mild-mannered Sir John Quinton must be wondering [illegible] has let himself in [illegible]

Just a week into the job and he has already upset Gordon Taylor, the rather sensible boss [illegible] the Professional Footballers' Association. "He has got a big shock coming if he thinks he can equate professional footballers to his bank tellers," says Taylor.

Even worse, Sir John seems to have got on the wrong side of TV [illegible] show [illegible] Parkinson, who says that "if the Premier League is to be the cock-up [illegible] promises, then who better [illegible] have in charge than someone from an industry which thought the late owner of Oxford United was a man you could lend money to."

Optimist

■ [illegible] definition [illegible] an optimistic central banker?

[illegible] who sees the [illegible] deteriorating [illegible] rapidly than before.

حكامن الأحمل

Chess player moves to a bigger board

President Leonid Kravchuk outlines his plans for an independent Ukraine to Chrystia Freeland

Russian historians have described Ukraine as the cradle of the Russian empire but Mr Leonid Kravchuk, the Ukrainian president, says [illegible] is a more apt sobriquet. In an interview with the FT yesterday, Mr Kravchuk contended that Ukraine's drive for independence caused the collapse of the Soviet Union.

"The empire which endured for 337 years no longer [illegible] and Ukraine is the author of its destruction," the second most powerful man in the enfeebled Soviet Union explained. "For me, this is a source of [illegible] personal pride."

The silver-haired peasant's son from traditionally [illegible]ist western Ukraine is an avid chess player, [illegible] he has skilfully manipulated the [illegible] on a much larger board. According to 57-year-old Mr Kravchuk, "the state of the union hinged on Ukraine" because the [illegible] crucial player, Russia, was only willing to enter the renewed feder-

'No one can restrict the introduction of a separate currency; it is a matter for each state'

ation championed by Soviet [illegible] Mikhail [illegible] if Ukraine joined too.

Faced with Mr Kravchuk's categorical refusal, Mr [illegible] Yeltsin, the Russian president, agreed to annul the union and form a far looser commonwealth between the republics of Russia, Ukraine and Belorussia instead.

Mr Kravchuk regards the deal, hammered out in a dacha outside Brest, Belorussia, as a victory for Ukraine. It compelled Russia and Belorussia to recognise Ukrainian independence and to [illegible] with [illegible] Mr Kravchuk [illegible] would [illegible] have been a [illegible] Goliath showdown with the central government.

The chief casualty is Mr Gorbachev. After making the requisite nod to the wavering [illegible] "historic significance" Mr Kravchuk firmly [illegible] that "there is no role for him in those structures we are proposing".

But as the Soviet president exits the scene, a new struggle is shaping up between the two strongest republics – [illegible] and Russia. Mr Kravchuk is eager to paper over the differences, insisting that there are "no principled disagreements" between the two Slavic strongmen. But his uncompromising view [illegible] the new commonwealth must play a purely "consultative and organisational but not administrative" role is likely to [illegible] with [illegible] efforts to [illegible] a body with real decision-making powers.

"Right now we must monitor the situation very carefully so that no one tries to stand above anyone else," Mr Kravchuk said. "If there is any effort to do this then the commonwealth will fall apart because Ukraine will never agree to be subordinated."

Yet in two important areas – the military and the economy – Ukraine and Russia are advancing rival interpretations of the agreement less than 10 days after it was signed.

Mr Kravchuk, who issued a presidential decree last week naming himself commander-in-chief of the Soviet army stationed on Ukrainian territory, said that the Ukrainian minister of defence now had effective and exclusive control over the conventional forces in Ukraine. Last week, Mr Yevgeny Shaposhnikov, [illegible] minister of defence, [illegible] Mr Yeltsin, maintained that the Soviet armed forces should remain under central control.

In the field of tactical and strategic nuclear weapons, Mr Kravchuk was careful to reiterate his view that they should all remain under the control of Marshal Shaposhnikov and that Ukraine did not intend to [illegible] over. Indeed, he went so far as to say that Ukraine planned to destroy the [illegible] – which include nearly 90 per cent of the Soviet Union's most modern silo-based missiles – on its territory as quickly as possible: the only constraint is cost and the lack of facilities. He is willing to allow the US and international organisations to monitor closely the dismantling [illegible].

His position should go some way towards easing US fears over safeguarding the Soviet nuclear arsenal. Mr James Baker, US secretary of state, is scheduled to visit the Ukrainian capital [illegible] tomorrow where Mr Kravchuk expects him to look for guarantees that Ukraine will be nuclear-free. Still, Mr Kravchuk, who admitted that American recognition of an independent Ukraine was "important", said he would be a tough negotiator when he met Mr Baker. "It is unpleasant for us when others set us conditions," he said.

He speaks with the authority of a man who won the first democratic presidential elections in Ukrainian history on the strength of his reputation as a coalition builder, who could unite both the hardline communist apparatus which controls much of southern and eastern Ukraine and the radical nationalists who dominate western Ukraine.

Turning to the economy, Mr Kravchuk contested the Russian assertion that an economic agreement, signed together with the [illegible] treaty, binds its signatories to raise prices simultaneously on January 2. He said Ukraine [illegible] prices at all unless [illegible] supplied it with a promised 16bn roubles. Without them, Ukraine would be physically unable to match [illegible] price rises [illegible] be enough [illegible] in [illegible] for people to pay higher prices for goods.

If the additional roubles materialise "then we will liberalise prices, though not necessarily on January 2, perhaps on January 15," Mr Kravchuk speculated.

A [illegible] of possible discord between Ukraine and Russia is the question of a separate currency. While Russia's deputy prime minister and economics minister, Mr Efgor Gaidar, is under the impression that Ukraine has agreed not to introduce a separate currency for the [illegible] months, Mr Kravchuk said Ukraine was likely to bring in the hryvnia by late summer.

"No one can restrict or ban the introduction of a separate currency; it is a matter for each state," Mr Kravchuk said, explaining that the economic treaty only commits Ukraine to reach an agreement with the other republics [illegible] for bringing in the [illegible].

Mr Kravchuk, who has been wooed by an unbroken succession of foreign officials in the two weeks since the Ukrainian elections and referendum, backed up his economic policies by quoting Russia's [illegible] adviser – Professor Jeffrey Sachs, a Harvard economist. In a meeting on Saturday Prof Sachs "said this is not a tragedy for other states when one of them introduces its own currency", according to Mr Kravchuk.

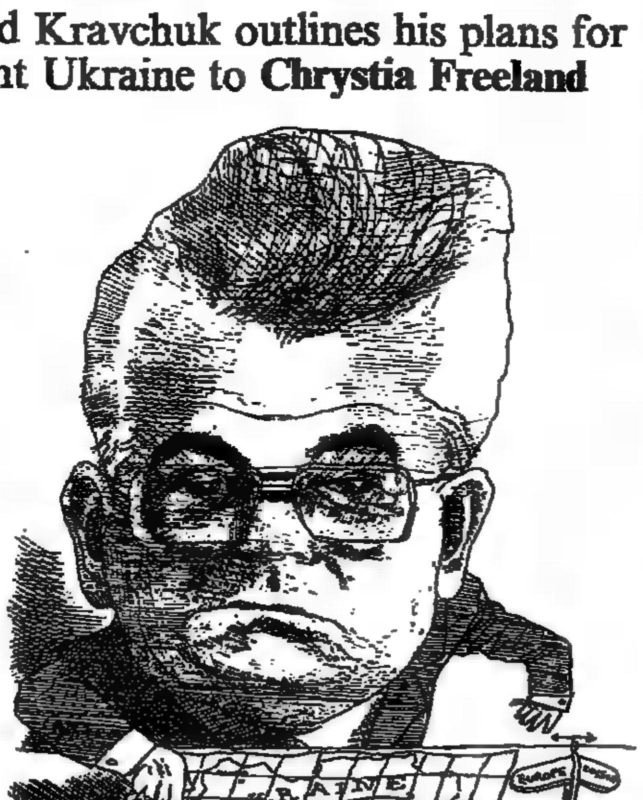
The Ukrainian leader is less zealous about Prof Sachs' other advice – that the republic cure its ailing economy with the shock therapy he pioneered in Poland. Mr Kravchuk argues that Ukraine lacks the banking infrastructure, balanced budget and developed private sector which he believes are prerequisites for radical economic reform.

Indeed, extreme measures of any kind are anathema to Mr Kravchuk. His [illegible] approach is exemplified by his strategy for eking out a new geo-political niche for Ukraine. He admits that in the long run [illegible] a member of the European Community, but said that "desires and reality are very different things". He believes that in the short term Ukraine must focus on its relationship with its eastern European neighbours and with other former Soviet republics.

But there is a question-mark over his conversion from the role of ideology secretary of the central committee of the Communist party of Ukraine, to that of a proponent of the market and a supporter of a degree of political pluralism.

Though he spearheaded the campaign against the nationalist movement Rukh in 1989, Mr Kravchuk now says he plans to include members of the nationalist opposition in his cabinet. He says that if at times he has kept silent it has been a gambit to ensure that the Ukraine would achieve statehood peacefully. A shaky justification perhaps, but Ukrainian dissidents [illegible] have spent [illegible] in prison on the orders of Mr Kravchuk's former [illegible] seem willing to [illegible].

They [illegible] him in the belief that the party taught Mr Kravchuk the cunning he will need to steer Ukraine out of three centuries of a Russian embrace. They also believe that Mr Kravchuk has made a crucial switch in loyalties, embodied by a symbolic piece of interior redecoration: the Lenin bust which once dominated his office has been replaced by a [illegible] of Taras Shevchenko, the national poet of Ukraine.



Joe Rogaly

Carbon tax on its way

The European Union, as we [illegible] soon learn to call it, is likely to have a carbon tax in place by [illegible] or thereabouts. I say this because the important part of the British government, the Treasury, is gently leading the domestic debate – and for once without malicious intent. One of its senior staff is in charge of the research and modelling. It would be going too far to say that the department that prides itself on unbending fiscal rectitude has become a friend of the earth, but it is reflecting just the palest of greenish tinges.

This is of greater significance than Friday's [illegible] by Mr Michael Heseltine, the UK environment secretary, that "we believe that in principle it (the carbon tax) is something we must explore". Any government minister can say that kind of thing at any time, and frequently does. Mr Heseltine's remark followed a meeting of EC environment and energy ministers, which agreed on a proposal that an energy tax be introduced in stages starting in [illegible]. He could hardly have said less.

Yet Britain is in a pivotal position on this tax, according to Mr Nigel Haigh, director of the Institute for European Environmental Policy, London. If it swings with the heavies, Europe will [illegible]. Germany, France, The Netherlands and Denmark are enthusiasts. Italy will proclaim enthusiasm. The remaining smaller members of the EC are strong doubters, led by Spain. Britain is saying "yes, but ..." This keeps the plan alive.

The international politics of this proposal are labyrinthine. As put by the European Commission, half the tax would fall on energy in general, and half on fossil fuels. That was done to please the French, who depend on nuclear power. The British government, with its famous [illegible] for social policy, has arranged that one of the Treasury models should analyse the effect of a fossil fuel tax on the poor. That is for eventual domestic political consumption. The commission wants to exempt energy-intensive industries from paying energy tax. That would seem to be self-defeating, but its inspiration was [illegible] from the chemical, cement and similar industries. Its rationale is that Europe would be at a competitive disadvantage unless the US and Japan imposed similar fiscal burdens upon their own [illegible].

The chances of getting the US and Japan to participate are slim. One positive factor is the departure from the White House of Mr John Sununu, a passionate flat-earther. It was in May that Mr [illegible] was urged by some of his EC colleagues to fly to Washington. His task was to persuade the US government to move from its adamant opposition to targets for [illegible] in greenhouse gas

I suspect that now Sununu is retreating into history, small green shoots are to be discerned

emissions. The environment secretary could not budge Mr Sununu, even over a friendly dinner. He was turned away from trying to [illegible] the Americans to [illegible] targets. I suspect that now that Mr Sununu is retreating into history, small green shoots are to be discerned in parts of the federal capital.

If President Bush [illegible] them with his Texas oilman's [illegible] could have a positive effect on the forthcoming United Nations conference on the environment and development.

Known as the Earth summit, this is to be held in Rio in June. [illegible] much money [illegible] be put on an American change of heart in Rio, however. Nothing discovered by meteorologists has yet frightened the US sufficiently to encourage its politicians to interfere with cheap gasoline and low-priced [illegible] heating oil. The only leverage in the EC's hands is persuasion and continued pressure. A modest contribution might be the publication of some of the excellent [illegible] the Treasury is preparing for inter-departmental use.

The logical outcome of this global diplomacy is likely to be an EC-only tax diluted by exemptions for whichever industries are seen to be at a competitive disadvantage. That means that initially the European energy, or carbon, tax would boil down to an impost on European cars and domestic heating, period. In short, it would hit private consumers, not industry. Its principal effect on the level of atmospheric pollution of the planet would be symbolic – although in some cities, like obnoxious London [illegible] week, a curb on exhaust emissions is becoming urgent.

Yet symbolism is important. The political union treaty agreed at Maastricht sets as a community objective "sustainable and non-inflationary growth respecting the environment", which is quite an advance on the "continuous and balanced expansion" of the original Rome Treaty. A similar implied green brake on [illegible] development can be discerned in the Single European Act, although not so clearly.

Last week's treaty also extended majority voting to all aspects of environmental policy except fiscal policy (the energy tax would have to be agreed unanimously), town and country planning, and, in certain circumstances, energy strategies. Water and waste management come under the majority procedure. Thus industrial effluents will be subject to close supervision from Brussels.

There is [illegible] about whether this is much of an advance on the position established by a Commission victory in the European Court of Justice earlier this year, but [illegible] for the [illegible] drafters of the final treaty to establish.

Three years ago Britain was as [illegible] EC environmental initiatives as it is today about the single currency and the social charter. There are [illegible] commission initiatives that should be opposed as mere bureaucratic pettifogging, such as the intrusion into local planning [illegible]. Sneaky attempts to [illegible] EC competence beyond the intentions of the treaty are often made. They should always be resisted. But today the British intention is to be co-operative. If it [illegible] way, we'll get an energy [illegible].

LETTERS

Washington offers example to solve London's transport problems

From Mr Nigel Seymer.

Sir, In your leader on London's future ("Mr Heseltine's view of London", December 13), you say that "what Mr Heseltine lacks are precise ideas" for achieving a better London. I should be glad to offer him several; and these do fit into my own "coherent vision of London's transport" (you say no such vision exists).

One idea is that London should emulate the example of Washington by adopting a programme of transportation demand management to discourage people from driving one-per-car into London at peak times (road pricing would not achieve this; the "fat cats" would still roll in one-per-car, while the less affluent were priced off). The programme includes facilitating the formation of car pools (ride sharing); provision of park-and-ride facilities; the favouring of car pools by employers; and the introduction of "HOV (High Occupancy Vehicles) lines", reserved in peak hours for buses, [illegible] and [illegible] with at least three occupants.

This programme has proved acceptable in a car-owning democracy, whereas so far road pricing has not (and, even if it were so accepted, the Washington measures are surely still desirable). But policy-makers in the UK turn a blind eye to this experience.

The other basic idea is a recognition of the fact that new office developments will generate new traffic and thus will further overload transport facilities, unless the capacity of [illegible] is increased, which is very expensive and disruptive. At King's Cross, for example, there is concern in some quarters that the proposed Channel Tunnel terminal [illegible] overload the [illegible]. But Camden planners have told me that two-thirds of the expected [illegible] load on the [illegible] system there (amounting to 60 per cent on Euston Road, which is already overloaded) would [illegible] the proposed [illegible] office development, and only one-third from the rail terminals.

It was Department of Transport [illegible] this scare quite late in the hearings on the King's Cross Bill. But if it is worried about overloading the streets it ought to object to the office development.

Nigel Seymer,
63 Esmond Road, London W14

Charity trustees' liability risk

From Mr Andrew Crawford.

Sir, [illegible] Smith's article ("Charity Bill", December [illegible]) reporting on the amendments made in committee to the Charities Bill – giving trustees wider investment powers – may enable some charity trustees to sleep more easily for the time being.

[illegible] and their [illegible] to operate within the restrictions of the 30-year-old Trustee Investments Act 1961 will be only too aware of the risk of an inadvertent breach of trust arising from the misinterpretation of the Act. Such a breach of trust may lead to personal liability for those trustees.

It will be interesting to see whether MPs share similar concerns to those of the Lords.

Andrew Crawford,
Cameron Markby Hewitt,
Sceptre Court,
40 Tower Hill, London EC3

The losers in the Lasmo bid

From Mr P N [illegible].

Sir, [illegible] eight of Lasmo's [illegible] document for Ultramar is entitled "Lasmo – delivering [illegible] to shareholders." This rings pretty [illegible] to Lasmo shareholders just now. Ultramar may have to yield to Lasmo but it [illegible] like being a [illegible] in which [illegible] of neither [illegible] will win. In view of the appalling public relations which Lasmo has suffered as a result of this bid, could it be that the bid will go down as [illegible] in which [illegible] management of [illegible] companies [illegible] replaced?

P N Bowker,
[illegible]
Banchory,
Kincardineshire

Ofwat strategy on metering

From Mr I.C.R. Byatt.

Sir, My recently published strategy on future methods of paying for water argues for a selective approach to metering. I am, however, concerned that there has been some misreporting of my comments ("Ofwat backs metered water for most areas", December 13) about the cost of metering, and would like to set the record straight.

I have not said that installing meters would increase bills by £34 a year. I have deliberately not advocated a cash programme of universal metering which could possibly have an effect of this kind. Moreover, I am not contemplating adjustments to price limits which would permit this.

One strand of my strategy is selective metering in areas where water resources are under pressure. In such cases, companies will pay for the installation of meters, but will save money through deferring expenditure on resource development. The effect on bills should be small.

The second strand is to make it easier for customers to choose meters where they can reduce their bills. In such cases it is only fair to ask customers to contribute to the cost of installation.

I.C.R. Byatt,
Ofwat,
Centre City Tower,
7 Hill Street, Birmingham

Fax service

LETTERS may be faxed on 071-873 [illegible]. They should be clearly typed and not hand-written. Please set fax machine for fine resolution.

UK approach at Maastricht akin to political emergency first aid

From Miss Fiona Webster.

Sir, There are strong signs that the UK government has adopted an approach to EC social policy in Maastricht which is akin to political emergency first aid.

The prime minister and the employment secretary claim that the special protocol which provides for Britain to opt out of the EC's expanded social competencies and use of qualified majority voting is good for British industry. This up-beat approach does not seem to tally with reality.

While the other 11 member [illegible] signed up to a more expansive EC social policy [illegible] an increased application of qualified majority voting, the protocol stipulates that this will not apply to Britain. Meanwhile the Labour party has [illegible] that, if it were to be elected in 1992, it would immediately [illegible] this opt-out clause for Britain before the anticipated implementation in 1993.

Even more unsettling is the possibility that, if Labour were [illegible] government [illegible] election at a future [illegible] could [illegible] that Britain would have to comply with a [illegible] of EC employment legislation over which it had had no shaping influence. Britain found itself doing just this in 1973; [illegible] a sorry tale that [illegible] will repeat [illegible] as well as setting an [illegible] precedent for the EC's future integration [illegible].

It is very unlikely, too, that Japanese and US industry will flood into Britain simply because of reduced labour costs. Such companies locate in the EC on the basis of strategy not expediency; they will want to be at the nerve-centre of the Community and not isolated on the political fringes. In any event, multinationals will have to respond to trends and pressures across the Community – employees do not need EC-wide European works councils in order to communicate with each other.

Ironically, the British government seems inadvertently to have ceded more power to the European parliament, where Britain's 81 MEPs may enjoy more opportunities to influence the shape of future employment legislation through the co-operation procedure than the British government will enjoy in the Council of Ministers under the protocol. I am sure that British MEPs look forward to the prospect of Mr Howard reporting to them!

Fiona Webster
55 rue de la Madeleine
1000 Brussels,
Belgium

...S TUESDAY DECEMBER 17 199...
...ONAL VIEW
...w to get on moving
Tony Travers
...tephen Glaister
...can't look at ...ure, please help ...e the problem.
...NAL LEAGUE FOR ...TION OF HORSES

FINANCIAL TIMES
Tuesday December 17 1991

The Soviet chain of command always led to the Kremlin: the future is less sure

Moscow faces nuclear button dilemma

By John Lloyd in [illegible]

NO ONE is quite sure just [illegible] chain of command over nuclear weapons – perhaps not even the So[illegible]

When Mr James Baker, the [illegible] secretary of [illegible] grapples with [illegible] post-Soviet leaders over [illegible] control of [illegible]ons, he himself [illegible] likely [illegible] be partly in the dark, and [illegible] talking [illegible] people who are also unsure of what they are talking about.

His [illegible] have assured him and the world that the nuclear *forces* [illegible] *under* full control. In part this can [illegible] taken at face value: [illegible] forces, [illegible] far [illegible] is known, [illegible] at [illegible] as [illegible] the [illegible]. In some [illegible], the [illegible] are kept apart from their delivery systems; [illegible] procedures [illegible] collusion [illegible] different lev[illegible] command, making the so-called "Madman Scenario" all but impossible; security [illegible] launch sites, [illegible] of strate[illegible], [illegible] in the hands [illegible] special [illegible] remain [illegible] is known) intact; and a variety [illegible] closed circuits, atmospheric [illegible] and [illegible] switches protect [illegible] from [illegible] detonation.

The [illegible] "Soviet [illegible]" report from [illegible] Cen[illegible] for [illegible] and International Affairs [illegible] Harvard's Kennedy School decribes [illegible] "multiple but not [illegible]" safety devices. It might [illegible] added that probably no [illegible].

[illegible] problem is [illegible] so much [illegible] security, but of command and control systems. [illegible] are much [illegible] than [illegible] Button. They are, in Soviet [illegible] as elsewhere, [illegible] system of warning stations, monitoring [illegible] command built up over four decades in an effort to ensure as complete security as possible. Because of the system's age, and the very large number of production, storage, inspection, monitoring, com[illegible] and security installations, no one person [illegible] group [illegible] likely to [illegible] complete *grasp* of [illegible] workings. It is *assumed* to work but, of [illegible], could only be fully tested in [illegible] nuclear exchange.

Further, though much of the system is based on the huge Russian landmass, some Soviet early warning [illegible] launched from Kazakhstan and many of the radars [illegible] outside [illegible] the Russian Republic, in the [illegible] and in the [illegible] states of Ukraine and Belorussia.

All of the command and control [illegible] to Moscow, but not everything, as far as is known, directly to the Presidential [illegible]. The [illegible] command [illegible] thought to [illegible] diffuse than in [illegible] the [illegible] Nuclear Fission [illegible] that, while [illegible] political figure [illegible] *launch* [illegible] strike [illegible] the military, [illegible] military could probably [illegible] so without [illegible] president – but only after a general consensus was available among top-ranking figures that [illegible] was [illegible] or [illegible]ble.

However, the [illegible] the system [illegible] Moscow [illegible] a large problem for [illegible] post-Soviet [illegible]. Up [illegible] yesterday, [illegible] the only [illegible] vision of how [illegible] would be [illegible] of Ukrainian president Leonid Kravchuk), [illegible] of each [illegible] which make up [illegible] Common[illegible] Independent [illegible] in which nuclear arms are [illegible] would have [illegible] own button.

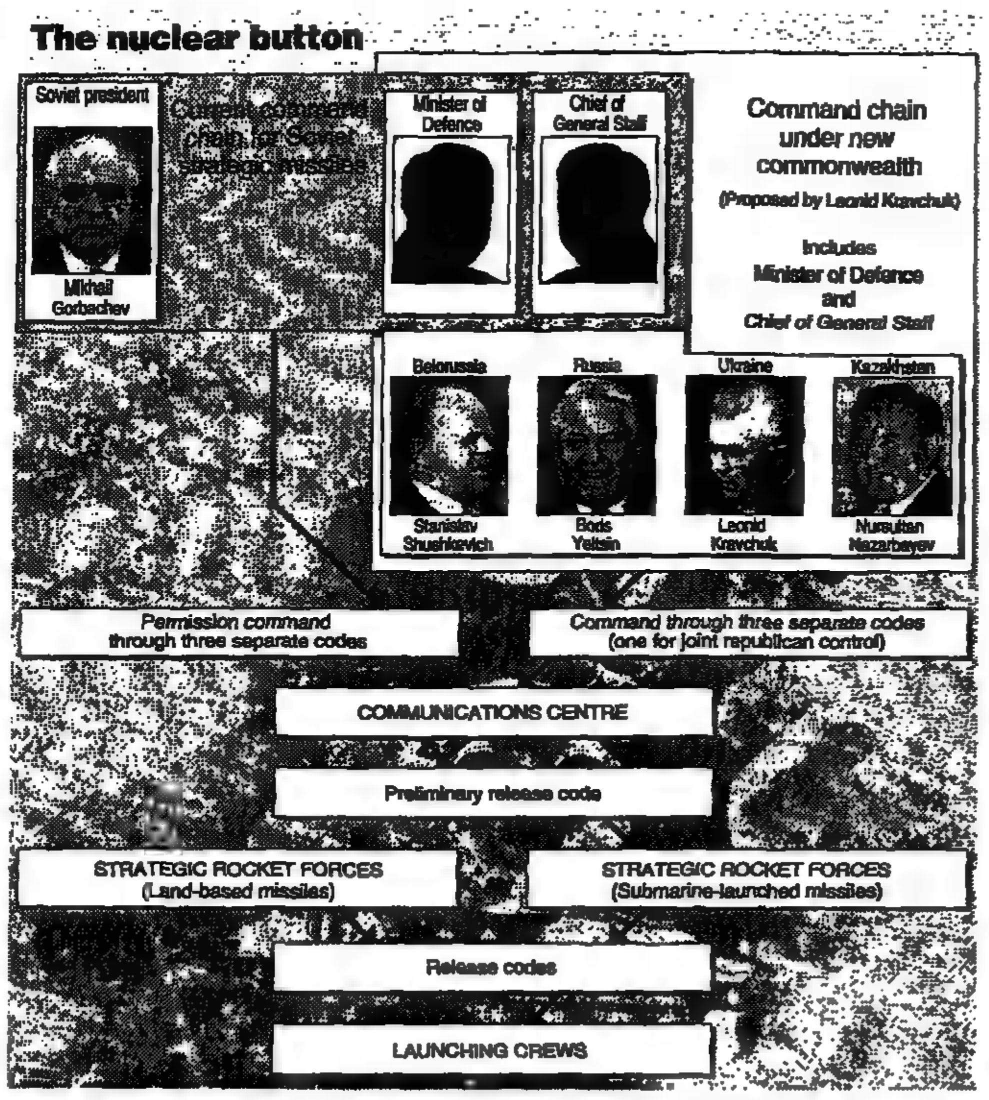
Assuming [illegible] president Nursultan [illegible]bayev joins [illegible] club, this would mean four [illegible] spread across half a continent, from Alma Ata in Central Asia through Moscow to Kiev and Minsk. Alma Ata is nearer Beijing *than it is to Minsk*; Minsk is half [illegible] from London than from Alma Ata.

Yesterday, both Mr [illegible] and Mr Kravchuk said that they no longer [illegible] separate buttons, but one button under joint political control. However, just exactly whose finger would [illegible] there was not made [illegible].

Nevertheless, even to make [illegible] vision feasible, [illegible] four [illegible] would have [illegible] linked into a system constructed for the use of one, in order [illegible] have the required amount of information quickly enough [illegible] joint consultation meaningful.

While the president of Russia could hope to have available [illegible] relatively *complete* system, [illegible] other three [illegible] not. [illegible] systems [illegible] constructed, but they [illegible] costly, time consuming and difficult [illegible] render [illegible].

This now appears to be what is [illegible]. Much more [illegible]*cult would be any attempt to* render them "independent" strategic nuclear powers – [illegible] proposition none [illegible]ave demanded, but one which must *have occurred* [illegible] *them*, and one which may yet appear in public debate.



Main concern in west focused on shorter-range tactical weapons

By David White, [illegible] Correspondent, in London

PROCEDURES [illegible] Soviet nuclear [illegible] under [illegible] control [illegible] believed [illegible] been strengthened since [illegible] coup [illegible] in [illegible].

The [illegible] *that must* [illegible] before [illegible] strategic weapon [illegible] be launched is thought to mirror the US model closely. It involves personal electronic codes and repeated [illegible] as [illegible] order passes through several layers of command.

Less is known about control arrangements for shorter-range tactical nuclear [illegible], which [illegible] the main [illegible] concern. To enable [illegible] weapons to be [illegible] in a [illegible] battle, it is thought that [illegible] would be [illegible] to exercise greater autonomy once the initial permission was received.

The only [illegible] outside the Russian Federation are in Ukraine, Belorussia and Kazakhstan, and account for 20 per cent of the total at [illegible]. All the command and control [illegible] in [illegible] as are the ports for [illegible] submarines and most of the nuclear storage sites.

Tactical [illegible] on the other hand, were until recently spread throughout the republics, although most nuclear weapons in the Transcaucasus and Moldova, [illegible] well as the Baltic [illegible], are believed to have been removed. Western defence officials [illegible] the [illegible]jority were believed to be in central storage depots. They considered that nuclear weapons sites were physically well protected by KGB [illegible].

Confidence in the safety procedures depends on the existence of [illegible] clearly identified [illegible]. This is required not only to secure overall control over the nuclear arsenal but also [illegible] implement the unratified Start treaty on strategic arms and to carry out the promised destruction [illegible] land-based weapons.

THE LEX COLUMN

The momentum of recovery

Yes[illegible] retail [illegible] figures ought in theory to [illegible] a crumb of comfort to those starting to [illegible] a double-dip [illegible]. Even allowing [illegible] statistical distortion and the regular margin of error, retail sales volume still grew by some 0.4 per cent, slightly [illegible] expectation. Perhaps December will [illegible] than anec[illegible] evidence *suggests*. But retail sales are still 0.3 per cent down [illegible] latest quarter, which hardly suggests consumers are lending their weight to the recovery.

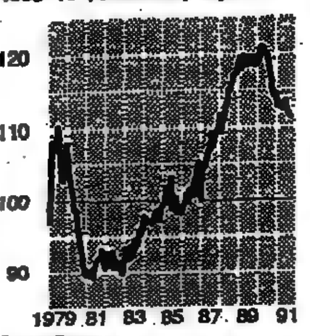
Since it is too early in the cycle to expect much revival in manufacturing output, it would be wrong to take October's fall in production as evidence of a double dip. But the 2.7 per cent decline in production of capital goods over the *past three months hardly* suggests an imminent revival in corporate investment either. The latest survey from the Confederation of British Industry holds out little hope for exports. So where is the recovery to find the nourishment it needs?

Were it not for the exchange rate constraint, one answer ought to be in further falls in interest rates. With real short-term rates at 6 per cent, it is not surprising that the recovery [illegible]. [illegible] this perspective, [illegible] world may even turn [illegible] to [illegible] silver lining. Eventually [illegible] authorities to [illegible] the [illegible] cuts in rates which were halted in September. The problem for [illegible] government [illegible] not only whether this will happen in time for the election, but also that [illegible] may be even harder by that time to find [illegible].

FT-SE Index: 2,440.8 (-10.8)

UK Manufacturing Output

1985=100, seasonally adjusted



Source: Datastream

Ultramar/Lasmo

Lasmo's bid [illegible] Ultramar ranks as one of the more pecu[illegible] takeover battles of recent years. Barring a BTR/Hawker-style late rush of acceptances, the odds are that the bid will fail tomorrow. A [illegible] designed to release shareholder value will [illegible] have [illegible] *in undermining* the entire independent oil sector, [illegible] included. It [illegible] shown the [illegible] values which underpin [illegible] sector to be misleading when no-one has the cash to pay up. Even if Lasmo wins, a wider [illegible] will [illegible]ably have to wait until that perception changes [illegible].

But after initial enthusiasm, *the market has become* steadily less enamoured of the bid. Since the day after the offer, Ultramar's share price has fallen by 27 per cent, Lasmo's by 18 *per cent. Relative to* the market, Ultramar is very nearly back where it was before the bid rumours started, [illegible] the share price is not necessarily at risk if the bid fails.

One could argue that to justify its paper bid for Ultramar's assets, Lasmo needed to demonstrate that downstream and upstream operations are incompatible. Granted, the bidder has achieved what Ultramar's shareholders could not: the company has partly cleared out its board and committed itself to financial targets. But if *Ultramar survives, its spirited* defence may come to be seen as less significant than investors' reasonable reluctance to take on more Lasmo paper. Had Lasmo or anyone [illegible] been able to put straight cash on [illegible] table, that would doubtless have been the end of it.

House prices

Building societies are professional optimists. So when [illegible] *Halifax* [illegible] will do no more than edge up [illegible] end [illegible] year, it is worth taking note. The society, after all, forecast a 5 per cent rise at the start of 1991, whereas the outcome has been a 3 per cent fall. If that record [illegible] repeated, its [illegible] projection for 1992 would in time [illegible] the sort of melt[illegible] in house prices [illegible] alarmists are now predicting.

[illegible] certainly very [illegible] be [illegible]. [illegible] likely rate [illegible] repossessions next year has doubtless been exaggerated in the highly charged political climate. But [illegible] roughly 6 per [illegible] of the [illegible] property transactions [illegible] 1991, they [illegible] *already* [illegible]*ving more than a* marginal influence on the market. They will exert even more pressure if the volume of house *sales continues to fall*. The government will presumably take action in the run-up to the election to keep people in their homes. But though [illegible] idea [illegible] *paying mortgage* income support [illegible] to [illegible] has some short-term attractions, the possibility of an increase in voluntary forfeitures has also to be taken seriously.

On top of repossessions, there is the burden of unsold stock *overhanging* the market. The traditional year-end dash to meet sales targets is likely to extend well into 1992 as the financially straitened contractors continue to run for cash. The question is whether this collective rush for the door will make the write-downs they fear all the more necessary.

MFI

In one obvious sense, MFI's *results are as* gruesome as ever. Though net losses in the past six months are 17 per cent lower, they are still running at £12m. For a management buy-out with debt of £500m, this is a finite process. MFI's answer is to point to its maintained gross margins, unchanged payroll costs and continued reduction in working capital. Assuming its bankers are happy to support it for another 18 months even without an upturn [illegible] furniture market, [illegible] could prove [illegible] classic recovery play.

If so, the question is when it proposes to return to the mar[illegible]. The [illegible] a lossmaking company cannot hope [illegible] pull in investors' funds, not at any rate until [illegible] can show some evi[illegible] of the effect of market recovery [illegible] its bottom line. [illegible] conceivably, MFI might have such evidence in the next *few months*. [illegible] depends scarcely at all on the Christmas season – its stores will be [illegible] weekend – and very much on the January sales, which provide [illegible] quarter of annual turnover.

Its aim would then doubtless be to [illegible] enough equity [illegible] clear its [illegible] sheet of debt. In that case [illegible] profits, *assuming the 29 per cent rise* in first half operating profit were repeated, would be around £40m for the year. That in [illegible] would require [illegible] multiple of 12.5 times to clear the debt. In [illegible] sector rated [illegible] 17 times, that might not be impos[illegible]. [illegible] MFI deserves a lower rating on [illegible] of [illegible] cyclical nature of its markets, it *perhaps* [illegible] *higher* [illegible] for having survived at all.

Liquidator to probe share deals by Maxwell lawyer

By Richard Gourlay and Raymond Hughes in London [illegible] Alan Friedman in New York

THE DISCLOSURE in [illegible] London [illegible] yesterday [illegible] Mr Robert Maxwell's New York lawyer [illegible] in [illegible] in Maxwell Communication Corpora[illegible] and Mirror Group Newspa[illegible] could block Mr Kevin [illegible] return [illegible] New York *later this week*.

The High Court was [illegible] yesterday [illegible] Shelley Aboff, senior vice president of the New York Daily [illegible] – [illegible] which Mr Kevin [illegible] chairman – had borrowed £3m ($5.4m) from a private Maxwell [illegible] to buy the shares [illegible] Mr Maxwell [illegible].

[illegible] court also heard yesterday that [illegible] Kevin Maxwell [illegible] invoking his legal right to silence in response [illegible] High Court [illegible] requiring him [illegible] what he knows about [illegible] transferred from [illegible] *companies'* pen[illegible] funds.

It [illegible] a letter from Mr Aboff, saying [illegible] Kevin Maxwell's presence in [illegible] York was essential, that helped the publisher's son [illegible] retrieve his passport last [illegible] its sur[illegible] had [illegible] ordered.

The provisional liquidator [illegible] Bishopsgate Investment Management (BIM), which managed [illegible] company pension funds, [illegible] he would need [illegible] make "urgent inquiries" [illegible] the share dealings. He was concerned [illegible] know whether there *was any* [illegible] between [illegible] purchases and [illegible] £427m currently missing from [illegible] pension funds.

Mr Justice Harman said he would decide tomorrow whether Mr Kevin Maxwell could travel to New York the following day. [illegible] an application from [illegible] Ian Maxwell [illegible] return of [illegible] passport for a visit to his in-laws in the [illegible].

Mr [illegible] *long-standing* [illegible] Robert Maxwell. He [illegible] named to the *board* [illegible] the [illegible] *Daily* [illegible] shortly [illegible] the [illegible]well-owned [illegible] filed [illegible] bankruptcy [illegible] this [illegible].

Mr [illegible] one [illegible] new directors appointed personally by Mr Robert [illegible] London and Bishopsgate Investment International, another private Maxwell [illegible]pany, three months [illegible].

Mr Philip Heslop QC, for BIM, said that liquidators' [illegible] Friday [illegible] a call from lawyers representing Townsley, [illegible] stockbrokers, saying that they [illegible] Mr [illegible] in danger [illegible] breaching [illegible] Companies Act.

Mr [illegible] from London and Bishops[illegible] Group, [illegible] Maxwell private company, [illegible] October 8 [illegible] buy MGN and [illegible].

Mr Aboff [illegible] also chief exec[illegible] Thomas [illegible] ica, [illegible] per cent owned by Robert Maxwell Group, and Townsley became concerned that the [illegible] might be [illegible] a [illegible] providing financial assistance [illegible] *purchase* its [illegible] *shares* in breach [illegible] company law.

Mr Aboff had told Townsley that [illegible] had [illegible] "client/customer" relationship with London [illegible] Bishopsgate Group which had lent him the money to buy the shares on his own behalf.

[illegible] judge [illegible] told Mr [illegible] *to rely on* his privilege against possible self-incrimination in civil actions against him by [illegible] and [illegible].

His counsel, Mr Michael Bri[illegible], said Mr Maxwell had complied with part [illegible] the BIM [illegible] *to* [illegible] he could [illegible] questions [illegible] risking [illegible].

He would [illegible] asking the [illegible] him from further compliance [illegible] the dis[illegible].

The BIM [illegible] requires Mr Kevin [illegible] to give BIM's provisional liquidator information [illegible] ings in BIM [illegible] Octo[illegible].

[illegible] required [illegible] tify [illegible] individuals who authorised transactions, the places, [illegible] purposes [illegible] the mechanism by [illegible] they [illegible] authorised. Also [illegible] identify [illegible] beneficial [illegible] in [illegible] and the assets' present where[illegible].

[illegible] Kevin [illegible] his knowledge [illegible] payme[illegible] from *MGN in which* [illegible] had [illegible] involved.

[illegible] Philip Heslop QC, [illegible] BIM, said its order was intended [illegible] the assets and, *so* [illegible] they [illegible] in banks, why they were there and how they got there.

Background, Page 24

UK manufacturing faces prospect of 'double-dip' recession

By Peter Marsh, Economics Staff, in London

BRITAIN'S manufacturing industry, which the govern[illegible] hopes will help pull the [illegible] *into recovery*, [illegible] prospect [illegible] a "double-dip" recession, official figures *suggested yesterday*.

[illegible] sharp underlying fall in factory production since the [illegible] suggests [illegible] manufacturing sector [illegible] to run out of [illegible] and [illegible] outlook [illegible] even [illegible] port markets [illegible] as [illegible] weak[illegible].

According [illegible] Central Statistical [illegible] (CSO), manufacturing output dropped a [illegible]sonally adjusted 0.4 [illegible] October compared with the *previous month*. [illegible] a [illegible] fall in September.

On [illegible] three-monthly basis, [illegible] *gives* [illegible] *clearer picture of* underlying trends, factory production between August [illegible] *October* [illegible] *down 1* [illegible] compared with the May-July period, [illegible] biggest three-monthly [illegible] since April.

A [illegible] manufacturing sec[illegible] would place a question [illegible] of the expected UK [illegible] and [illegible] the government's [illegible] in the run-up [illegible] elec[illegible] the [illegible] on [illegible].

Mr John Major, the UK prime minister, yesterday [illegible] in [illegible] *of Com*[illegible] reply [illegible] "conditions [illegible] resumed growth [illegible] now [illegible] established". Mr Gordon Brown, the opposition [illegible] secretary, [illegible] on [illegible] attack, [illegible] the news "made a mockery of government claims about a strong end-of-year recovery".

The decline has set in after *several months in which* factory output – which accounts for just over a fifth of gross domestic product and strongly influences other sectors such as services – had appeared to stabilise after the heavy falls in late 1990 and early this year. The Treasury's Autumn Statement last month said manufacturing output would increase by 3.25 per cent next year.

News of the decline in factory production took the gloss off a rise in retail sales volumes in November. The three-monthly drop in manufactur*ing output was especially* marked for engineering products and cars, demand for *which had been buoyed in the* summer by strong buying pressure from overseas.

*It increased fears that falter*ing growth in big export markets – especially Germany and the US – could delay or inhibit the upturn. Worries about the US economy were heightened by figures yesterday indicating a sharp decline in US industrial production last month.

The Treasury put a brave face on the UK figures, saying "contradictory numbers" were bound to arise as any economy moved out of recession.

The CSO's *retail-trade* figures boosted the Treasury's hopes that overall economic output will show a rise in the second six months of 1991 compared with the first half.

No glad tidings, Page 6

WORLDWIDE WEATHER

		°C	°F
Ajaccio	[illegible]	13	56
Algiers	Dr	[illegible]	54
Amsterdam	Fg	[illegible]	37
Athens	S	14	57
Bahrain	S	20	[illegible]
Bangkok	[illegible]	[illegible]	90
[illegible]	F	11	52
Beirut	-	-	-
Belfast	C	5	41
Belgrade	S	[illegible]	34
Berlin	F	1	34
Biarritz	S	14	57
Bombay	S	31	88
Bordeaux	S	13	55
[illegible]	C	4	39
Brussels	[illegible]	4	39
Budapest	C	0	32
Buenos Aires	C	26	79
Cairo	F	17	63
Cape Town	-	-	-
Caracas	[illegible]	29	84
Casablanca	F	[illegible]	[illegible]
Chicago	-	-	-
Cologne	F	2	36
Copenhagen	F	4	39
Corfu	[illegible]	13	55
Dallas	[illegible]	[illegible]	36
Dublin	C	8	46
Dubrovnik	-	-	-
Edinburgh	[illegible]	5	41
Faro	C	16	61
[illegible]	S	5	41
Frankfurt	[illegible]	-4	[illegible]
Geneva	C	0	32
Gibraltar	F	15	59
Glasgow	C	7	45
Helsinki	[illegible]	-1	30
Hong Kong	S	22	72
Innsbruck	S	-1	30
[illegible]	C	[illegible]	35
Istanbul	C	21	70
[illegible]	[illegible]	[illegible]	46
[illegible]	F	[illegible]	86
Jersey	F	[illegible]	50
Johannesburg	-	-	-
Lima	F	[illegible]	[illegible]
Lisbon	Fg	11	52
London	F	9	48
Los Angeles	F	14	57
Luxembourg	[illegible]	[illegible]	25
Madeira	[illegible]	20	[illegible]
Madrid	F	[illegible]	[illegible]
Majorca	F	13	55
Malaga	F	15	59
Malta	F	14	57
Manchester	C	[illegible]	39
Manila	F	[illegible]	[illegible]
Melbourne	R	15	59
Mexico City	F	[illegible]	[illegible]
Miami	C	[illegible]	[illegible]
Milan	S	[illegible]	[illegible]
[illegible]	C	-15	5
Moscow	Sn	-4	25
Munich	[illegible]	[illegible]	[illegible]
Nairobi	[illegible]	[illegible]	[illegible]
Naples	[illegible]	[illegible]	54
Nassau	C	27	81
New Delhi	[illegible]	20	68
New York	[illegible]	-1	30
Nice	[illegible]	[illegible]	[illegible]
Nicosia	S	[illegible]	64
[illegible]	[illegible]	11	52
Oslo	F	[illegible]	32
[illegible]	R	5	41
Peking	F	[illegible]	[illegible]
Prague	[illegible]	0	32
Reykjavik	R	5	41
Rhodes	S	15	59
Rio de Janeiro	F	33	91
Rome	S	10	50
Salzburg	[illegible]	-1	30
San [illegible]	[illegible]	7	45
Seoul	F	15	59
Singapore	F	30	86
[illegible]	[illegible]	-1	30
Strasbourg	C	-2	28
Sydney	[illegible]	[illegible]	79
Taipei	F	25	77
Tangier	C	15	59
Tel Aviv	[illegible]	16	61
Tenerife	S	20	68
Tokyo	S	14	57
Toronto	S	-13	9
Tunis	[illegible]	[illegible]	[illegible]
Valencia	F	11	52
Venice	[illegible]	5	41
Vienna	Fg	-5	23
Warsaw	S	2	36
Washington	[illegible]	-3	27
Zurich	[illegible]	-4	25

[illegible] C-Cloudy [illegible] F-Fair Fg-Fog [illegible] S-Sunny Sl-Sleet Sn-Snow T-Thunder

FINANCIAL TIMES
COMPANIES & MARKETS
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INSIDE

Nike rises 6% in record results

Nike, [illegible] US sports shoe and [illegible] maker, yesterday announced record second-quarter [illegible] when net income [illegible] 6 per cent to $61.5m or [illegible] a [illegible] from $58.1m or 77 [illegible] a [illegible] earlier. Analysts [illegible] encouraged by [illegible] growth in the company's future orders scheduled for delivery between December and next April, which [illegible] 8 per cent higher than the previous year at about [illegible].4bn. Page 21

Global revival for stock markets

World stock [illegible] moved higher last week, [illegible] of decline. Europe firmed 1.1 per cent on the week, largely thanks [illegible] London. Ireland and Norway both [illegible] by [illegible] than 4 [illegible] cent in local currencies [illegible] Ireland [illegible] to end the year [illegible] one of the world's best markets, having [illegible] than 15 [illegible] cent in local currency terms. Page 43

Tyremaker to restructure

Continental, the German tyremaker, is to split [illegible] main business division into [illegible] profit [illegible] one servicing the [illegible] market [illegible] the other specialising in tyres for commercial vehicles. The [illegible] announced [illegible] resignation [illegible] Mr Ingolf Knaup (left), [illegible] director, saying it was "[illegible] move". Page 20

Dutch take action on auctions

The [illegible] Bureau of Dutch Horticultural Auctions [illegible] setting up an organisation [illegible] producers [illegible] vegetables [illegible] system [illegible] give buyers greater price [illegible] supply stability. The changes [illegible] triggered by [illegible] Netherlands' share [illegible] the UK fruit and vegetable [illegible] — [illegible] that [illegible] British [illegible] double their consumption [illegible] peppers [illegible] quadruple their purchases [illegible] in the [illegible] ending 1995. Page 34

Shadow over Liffe's new floor

The London International [illegible] Futures Exchange's first day [illegible] trading on [illegible] new trading floor [illegible] Cannon Bridge yesterday [illegible] by growing uncertainty over [illegible] future [illegible] stock options trading [illegible] Liffe merges [illegible] London Traded Options Market next year. Page 22

Berlin property booms

Two relatively small German property developers have been transformed into owners of the country's largest hotel [illegible] — just two years after they were talking [illegible] retrenchment. The reason for the change in [illegible] is a property boom in Berlin fuelled by soaring demand [illegible] the city [illegible] again to be Germany's functioning capital. Page 20

Forging industrial shapes

The UK forging sector, [illegible] bellwether [illegible] health of [illegible] engineering, [illegible] suffering [illegible] largest customers in [illegible] and aerospace [illegible] continue to grapple [illegible] recession. [illegible]

Losses for Lovell

Y J Lovell (Holdings), [illegible] troubled UK [illegible] builder, property developer and contractor, reported [illegible] pre-tax [illegible] ($37m) in [illegible] September 30, compared with [illegible] £19.4m profit in [illegible] previous year. Page [illegible]

Market Statistics

Companies in this issue

Chief price changes [illegible]

FRANKFURT (DM)							
Rises				Hanes	434.6	+	14.8
Leifheit	450	+	10	Potter	[illegible]	+	[illegible]
Falls				**Falls**			
Allianz	2066	−	26	Beghin-Say	[illegible]	−	18
Continental	218.5	−	5.5	Canal Plus	966	−	54
Deutsche B'cock	137	−	3.5	Credit Nat	854	−	[illegible]
Zanders Fein	254	−	11	**TOKYO (Yen)**			
NEW YORK ($)				**Rises**			
[illegible]				Mitsui Sugar	833	+	100
[illegible]	63½	+	1⅝	Nippon Fmta Fd	[illegible]	+	100
Reebok	27⅞	+	1⅛	Tokyu Car	[illegible]	+	100
USX-Marathon	22⅝	+	½	Tsugami	578	+	[illegible]
Falls				**Falls**			
[illegible]	10½	−	1	Hokko Chem	[illegible]	−	[illegible]
C'wealth Edison	39⅞	−	2	Tokai Kisen	890	−	45
Upjohn	39⅞	−	¾				
PARIS (FFr)							
Rises							
Gaumont	538	+	47				

New York prices at 12.30.

LONDON (Pence)							
Rises				**Falls**			
Attwoods	110	+	5	AMEC	167	−	8
Benham	413	+	[illegible]	Alex Workwear	[illegible]	−	6
Cable & Wire	[illegible]	+	[illegible]	BET	192	−	14
Conder	23	+	4	[illegible]	[illegible]	−	[illegible]
Countryside Pr	83	+	6	[illegible]	396	−	13
Elect ata	[illegible]	+	[illegible]	NMC	38	−	[illegible]
Graig Shippg	[illegible]	+	4	NSM	3¾	−	2¾
Prospect Inds	17¾	+	1¼	Reckitt Colman	613	−	21
Sage	341	+	21	[illegible]	[illegible]	−	11
Total Systs	35	+	[illegible]	Wood (JD)	40	−	[illegible]
Walker (T)	34	+	6				

Toyota warns of 33% fall in profits

By Stefan Wagstyl in Tokyo

TOYOTA MOTOR, Japan's largest carmaker, yesterday [illegible] cast a 33 per cent fall in pre-tax profits for the six months to the end of December, due mainly to a sharp fall in sales of high-margin luxury cars in Japan.

The company's problems have been compounded by [illegible] rise of the [illegible] particularly against European currencies. The [illegible] squeezed profits on [illegible] sales.

Japanese companies tend to tell investors of unexpected problems by leaking the information to newspapers. The fact that Toyota resorted to a public announcement indicates how seriously the executives view the sharp decline in profitability.

In spite of an overall rise in the Tokyo stock market yesterday, Toyota shares fell Y20 to Y1,490.

Toyota [illegible] parent [illegible] profits [illegible] Y200bn ($1.56bn), down [illegible] Y298bn for [illegible] same period [illegible] year. [illegible] slightly higher at Y4,400bn against Y4,365bn. [illegible] profits [illegible] Y100bn [illegible].

For [illegible] full [illegible] June, Toyota [illegible] sales of Y9,000bn (Y8,654bn [illegible] year), pre-tax profits [illegible], compared with Y574bn, [illegible], down from [illegible].

Toyota said it had been hit by [illegible] general [illegible] car [illegible] triggered [illegible] the slowing [illegible] economy. It suffered more than other carmakers with [illegible] car [illegible] 11 [illegible] of 1991 down 9 per cent compared with [illegible] 6 [illegible] overall.

However, its performance [illegible] the top end [illegible] been poor – sales fell 14 [illegible] cent in [illegible] 11 months to November, compared with a 4 per cent increase in the [illegible] as a [illegible].

Toyota lost market share to manufacturers [illegible] recently introduced new models – including [illegible], Mazda and Mitsubishi.

A temporary decline in market share will do little long-term damage to Toyota given its unchallenged leadership [illegible] Japanese [illegible] and its huge [illegible]. Nevertheless, [illegible] Toyota [illegible] not immune to competition from [illegible] rivals if their cars are well-designed [illegible].

Mazda [illegible] Mitsubishi have been praised in the Japanese [illegible] launching [illegible] although lacking [illegible] resources of Toyota and Nissan, the two largest makers.

Kevin Brown reports on the Canadian publisher's A$1.4bn bid

Conrad Black wins battle for Fairfax

Photo: Ashley Ashwood

[illegible] promises to appoint mainly [illegible] the Fairfax board

[illegible] BLACK, Canadian publisher [illegible] UK Daily Telegraph, yesterday [illegible] empire to Australia through the A$1.4bn ($1.06bn) acquisition of [illegible] Fairfax, publisher of the Sydney Morning Herald, The (Melbourne) Age and [illegible] Financial Review.

Hollinger, [illegible] listed holding [illegible], now [illegible] 90 daily [illegible] Sunday newspapers on four continents, including [illegible] Daily Telegraph and its Sunday stablemate, the Jerusalem Post, and 88 publica[illegible] US.

[illegible] Australia's [illegible] largest newspaper publisher, [illegible] of daily circulation, compared [illegible] 70 [illegible] cent controlled [illegible] Corporation, Mr Rupert Murdoch's [illegible] based media group.

[illegible] ends uncertainty for Fairfax, which [illegible] put [illegible] receivership by [illegible] December 1990 after breaching loan covenants on [illegible] buy-out by Mr Warwick Fairfax, [illegible] 29.

[illegible] Nicholl, the receiver, [illegible] sale [illegible] Tourang consortium would [illegible] "beneficial [illegible] the group's [illegible] ers, creditors, circulation subscribers [illegible] employees".

However, the sale is [illegible] blow to [illegible] coalition of [illegible] opposed Tourang because of fears [illegible] Mr Black would interfere [illegible] the editorial independence of [illegible].

"We now have 90 per cent of [illegible] print [illegible] owned by [illegible] Americans. No self-respecting country in the world [illegible] to put [illegible] that," [illegible] Mr [illegible] Fraser, a former Liberal prime minister.

The Friends of Fairfax, an umbrella [illegible] to protect the group's independence, [illegible] it hoped Mr [illegible] "will not [illegible] in and [illegible] place apart [illegible] put [illegible] stamp [illegible] it".

Mr Daniel Colson, Canadian chairman [illegible] Tourang, [illegible] consortium [illegible] "a lot of hysteria in the [illegible] which [illegible] understood [illegible] for".

Tourang [illegible] forced [illegible] restructure [illegible] last week after the [illegible] government ruled that its proposal for [illegible] per [illegible] foreign ownership of [illegible] was "not [illegible] the [illegible] interest".

The consortium's final bid provides for Australian financial institutions to hold [illegible] per [illegible] the stock, the Telegraph 15 per cent [illegible] Hellman & Friedman, the US investment bank, [illegible] per cent.

Hellman [illegible] Friedman's stake will be in the form of non-voting debentures. The consortium said it would float up [illegible] 80 per cent of Fairfax on [illegible] Australian Stock Exchange within six months.

Tourang went [illegible] considerable lengths [illegible] make the bid acceptable [illegible] public opinion by promising to appoint [illegible] majority of Australian directors [illegible] the Fairfax board, [illegible] be chaired by [illegible] Zelman Cowen, [illegible] former governor-general.

The Tourang consortium initially included Mr Kerry Packer, the Australian media proprietor, who was [illegible] have taken a [illegible] per cent stake in Fairfax. Mr Packer pulled out after regulatory authorities began an inquiry into his participation [illegible] the [illegible].

Similar [illegible] made by Australian Independent Newspapers, representing financial institutions, and Australian Provincial Newspapers, chaired by Mr Tony O'Reilly, the Irish newspaper proprietor and chief [illegible] tive of Heinz, the [illegible] group.

Tourang [illegible] understood [illegible] have won the bidding [illegible] mainly because of an agreement giving the consortium the sole legal right [illegible] negotiate with holders of [illegible] of Fairfax junk bonds. The bondholders had threatened [illegible] sue Fairfax for misrepresentation if the group [illegible] sold [illegible] another bidder.

A struggle to own Australian headlines

In the afterglow of victory, Mr Conrad Black's Tourang consortium was prepared to [illegible] magnanimous yesterday about its struggle to acquire John Fairfax, Australia's second largest newspaper publisher.

"It was [illegible] unique opportunity for [illegible] to [illegible] with Australia's [illegible] newspaper company," said Mr Daniel Colson, [illegible] Canadian lawyer [illegible] nursed the consortium through [illegible] bidding.

It was a far cry from the out[illegible] expressed by Tourang less than [illegible] ago, [illegible] its bid appeared to [illegible] by a federal government ruling [illegible] it was "against [illegible] national interest". The talk was of political interference, [illegible] damage being done to Australia's international image.

Tourang [illegible] to point to the extraordinary conditions under which [illegible] most important newspapers had [illegible] rescued from bankruptcy.

The saga [illegible] a successful 1987 buy-out of [illegible] family shareholders by Mr Warwick Fairfax, then the 29-year-old [illegible] of the family that [illegible] Fairfax [illegible] 150 years.

Mr Fairfax [illegible] control of the company in December 1990, when it was placed in receivership by its banks after breaching loan [illegible] on debt of A$1.3bn (US$1bn) acquired [illegible] finance the buy-out.

There was [illegible] shortage of bid[illegible] the newspapers – principally [illegible] Sydney Morning Herald, [illegible] Australian Financial Review [illegible] The Age in Melbourne.

Three substantial suitors appeared. Out front [illegible] the Tourang consortium, which included [illegible] & Friedman, the US [illegible] bank, [illegible] Mr Kerry Packer, the Australian television [illegible] magazine proprietor.

The [illegible] Australian Independent Newspapers, [illegible] by [illegible] of domestic [illegible] institutions, [illegible] Australian Provincial Newspapers, formed by Mr Tony O'Reilly, the Irish newspaper proprietor and chief executive of Heinz, the [illegible] food group.

Fairfax's principal creditors, Australia [illegible] New Zealand Banking Corporation and Citibank, placed [illegible] sale in [illegible] hands of Mr [illegible] Nicholl, an accountant [illegible] Touche [illegible] Tohmatsu, and Mr [illegible] Burrows, a merchant banker from the Sydney firm Baring Brothers Burrows.

The disposal [illegible] enlivened by a coalition [illegible] journalists and political heavyweights such as Mr Malcolm Fraser, former Liberal prime minister and Mr Gough Whitlam, [illegible] Labor predecessor.

Mr Packer [illegible] their [illegible] target for attack.

He withdrew [illegible] after the Australian Broadcasting Tribunal started [illegible] inquiry into whether his role in Tourang breached laws limiting the involvement of television proprietors in newspapers. [illegible] the opposition eventually forced Tourang [illegible] cut the proposed foreign ownership of Fairfax from about [illegible] cent to 20 per cent.

The revised bid leaves Tourang within [illegible] government's foreign investment guidelines, but it has [illegible] satisfied Fairfax journalists, who [illegible] dismayed by Mr Black's refusal [illegible] a proposed charter of editorial independence.

Much of their concern [illegible] founded [illegible] his reputation for interference in editorial matters in Canada and the US, and at The Jerusalem Post, which he is alleged to have moved sharply to the right after taking control. However, the editors of Mr Black's main London publications, The Daily Telegraph [illegible] The Spectator, say he [illegible] been non-interventionist.

Tourang [illegible] announced it will float [illegible] per [illegible] of the group within six months, and appoint [illegible] majority of Australian directors [illegible] the [illegible] board, of which Mr Black will [illegible] deputy chairman.

The chairman will be Sir Zelman Cowen, a former governor-general of Australia and for[illegible] chairman of the UK Press Council, who [illegible] fears about Mr Black's interventionist nature [illegible] exaggerated.

For the next [illegible] weeks, Tour[illegible] is likely [illegible] be [illegible] busy seeking an Australian chief executive for Fairfax and getting [illegible] know [illegible] company [illegible] fight battles [illegible] editorial policy.

It will want to check that the A$1.4bn tag placed [illegible] by the receiver was not "a bit toppy", as Mr [illegible] Holskins, [illegible] executive of National Mutual Life, [illegible] second largest [illegible] institution, suggested yesterday.

Some insight into Tourang's longer-term plans was given by Mr Packer [illegible] interview [illegible] his own Channel [illegible] station recently, while [illegible] still in [illegible] consortium.

Mr Packer claimed [illegible] had been enjoying [illegible] "two-year holiday" [illegible] the [illegible] ran into trouble under Mr Fairfax, and suggested he had in mind [illegible] "fixing it up".

Other Tourang executives say privately [illegible] Fairfax needs only "minor surgery". But if Mr Packer's analysis reflects the views of Mr Black, a dramatic confrontation may be in store, in spite of Tourang's soothing words.

Court told that Asil Nadir was 'in breach' of his duties

By David Barchard in London

[illegible] ASIL NADIR, former chairman of Polly Peck [illegible], the collapsed fruit [illegible] electronics conglomerate, pur[illegible] his [illegible] private [illegible] of [illegible] company, the [illegible] High Court was told yesterday.

Mr David [illegible] QC, representing Mr Christopher [illegible] Touche [illegible] and the other administrators of Polly Peck, outlined complex transactions in northern Cyprus by Mr [illegible] in [illegible] Polly [illegible] administration.

Mr [illegible] in an affidavit that he had been told by Mr Hakki Tamer Müftüzade, [illegible] as [illegible] director of Polly [illegible] in Turkey, [illegible] pack forms, [illegible] in reporting the company's accounts, [illegible] deliberately [illegible].

"I [illegible] by Mr [illegible] and verily [illegible] that [illegible] consolida[illegible] packs [illegible] wrongly [illegible] before being incorporated into [illegible] group accounts."

The hearing was part of an action launched two [illegible] by the company's [illegible] reclaim more [illegible] ($911.3m) of company [illegible] Mr Nadir, his mother Mrs [illegible] Nadir, and four other defendants.

Mr Oliver [illegible] court [illegible] had [illegible] spent [illegible] October 1990, [illegible] Polly [illegible] in a serious financial crisis, on buying three [illegible] in northern Cyprus which appeared to be incapable of further development without substantial investment.

"I have been advised [illegible] believe that in each of these instances Mr [illegible] has [illegible] in flagrant [illegible] of his fiduciary [illegible] to [illegible] and [illegible] have [illegible] motivated by a [illegible] purchase his own private [illegible] the [illegible] of PPI," [illegible] Mr Oliver.

Yesterday's hearing covered alleged transactions by Mr Menteş Aziz, [illegible] Turkish Cypriot barrister and [illegible] of Mr Nadir [illegible] the administrators [illegible] seeking to reclaim [illegible].

Mr Oliver [illegible] from the proceeds of the flotation of Vestel, [illegible] Polly [illegible] electronics company, were supposed [illegible] to Polly Peck's [illegible] finance subsidiary [illegible] never arrived.

The administrators had been told by [illegible] David Fawcus, former Polly Peck [illegible] director, that the company's [illegible] little [illegible] to Unipac and other Cypriot subsidiaries [illegible] this [illegible] been a source of [illegible] directors who [illegible] with Mr [illegible] on [illegible] occasions.

Two companies, Unipac in Cyprus [illegible] Meyna in Turkey, owed the [illegible] £680.4m [illegible] October last year. If this [illegible] in part, it might have [illegible] sufficient to [illegible] the company's financial requirements [illegible] was forced [illegible] go into administration.

The case continues today.

Westinghouse Credit talks fail

By Martin Dickson in [illegible] York

NEGOTIATIONS [illegible] the [illegible] of parts [illegible] Westinghouse Credit, [illegible] troubled financial services busi[illegible] to its rival, GE Capital, [illegible] agreement, creating [illegible] uncertainty [illegible] the future [illegible] the Westinghouse [illegible].

However, Westinghouse Credit, an arm of [illegible] Westinghouse Electric conglomerate, said it [illegible] continuing discussions with other interested parties [illegible] expected [illegible] receive $700m [illegible] from the [illegible] by [illegible] of this year.

It expected [illegible] a [illegible] by the end of the [illegible] quarter of 1992.

Westinghouse [illegible] hit by loans to the property sector during the late 1980s which forced Westinghouse Electric to [illegible] $2.7bn of write-offs this year.

The parent has been attempting [illegible] most of the [illegible] business and began negotiations three weeks ago with GE Capital, an offshoot of the General Electric group, and one of the largest [illegible] finance groups in the US.

GE Capital, [illegible] expanding rapidly through acqui[illegible] less healthy [illegible], expressed interest in all three of Westinghouse's business portfolios.

No reason was given by either [illegible] for [illegible] termination [illegible] talks, but Wall Street [illegible] lysts [illegible] it as a blow [illegible] Westinghouse, prolonging uncertainty over how it would [illegible] the finance company's deteriorating [illegible] portfolio and the [illegible] to bolster [illegible] group's [illegible] position.

However, [illegible] Lego, chairman of [illegible] Westinghouse group, insisted in [illegible] "we have the financial [illegible] carry out our down-sizing strategy, and we are confident of our ability to reduce [illegible] portfolio in an orderly way."

Westinghouse [illegible] shares were [illegible] down at $15¼ in early [illegible] on the New York Stock Exchange.

MFI trims loss to £11.5m with 5% cut in overheads

By Bronwen Maddox in London

MFI FURNITURE GROUP, [illegible] furniture retailer and manufacturer, managed to cut its interim losses before [illegible] £11.5m [illegible] from losses of £16m as it pulled overheads across the group down by 5 per cent.

The group, valued [illegible] in [illegible] in one of the [illegible] management buyouts, has been struggling [illegible] overcome recession, interest costs, and a reputation for poor quality.

Turnover for the half-year to November 9 was £319.2m, against £320.4m, [illegible] spite [illegible] price competition. [illegible] market [illegible] in kitchens and bed[illegible] rose, partly [illegible] expense [illegible] Magnet, [illegible] debt-laden furniture buyout.

In spite [illegible] "continued difficult trading" [illegible] group man[illegible] hold [illegible] profit [illegible]gins [illegible] 58 per cent, partly by increasing the proportion of products sold in its shops that were made by its manufacturing arm [illegible] 57 per cent from 54 per cent.

The group cut costs such as advertising and travel, resulting in [illegible] fall in [illegible] to £90.1m, compared with £95.2m.

[illegible] group has installed a new computer system to hold stock details at each store, and branches now give stock orders daily rather than weekly.

Tighter stock control and cuts in warehousing helped cut stock levels by £18.6m to £63m, and [illegible] delivery more reliable.

[illegible] payable was £35.9m, against [illegible] net debt remains around £500m, the same as in the corresponding period the previous year.

The group has debt repayment [illegible] of £15m in April 1992 and £25m in October 1992.

Mr Derek Hunt, chairman, said [illegible] stock market flotation, which would significantly reduce debt "will depend on [illegible] improving in [illegible] furniture market and the stock market."

Asda, the troubled supermarket group, has a 25 per cent stake, but has so far not suggested to MFI that it wants to sell.

[illegible] group plans to launch [illegible] kitchen, bedroom, bed, upholstery [illegible] furniture [illegible] in the second half, including [illegible] self-assembly [illegible] new [illegible]room ranges.

[illegible] John Randall, [illegible] director, said: "Ahead [illegible] Christmas things [illegible] been dull – but [illegible] dull – and [illegible] should do [illegible] turnover finally [illegible] grow."

Lex, [illegible]

Continental splits main business division

By Christopher Parkes in Bonn

CONTINENTAL, the German tyre-maker, is to split its main business division into two separate profit centres – one servicing the car market and the other specialising in tyres for commercial vehicles.

The group, which simultaneously announced the departure of Mr Ingolf Knaup, finance director, said yesterday that the restructuring would take effect on January 1.

With annual sales of DM10bn ($6.3bn), the corporation had become too big for "functional management", according to Mr Hubertus von Grünberg, group chairman.

"By decentralising responsibility for results to individual operational units which are closer to the customers and able to respond more quickly, we intend to bring about an improvement in earnings," he [illegible]

"[illegible] leverage should be [illegible] for entrepreneurial action and specific responsibility for [illegible]"

The [illegible] runs [illegible] rubber [illegible] a [illegible] profit centre.

The move followed the collapse two weeks ago of [illegible] co-operation talks with Pirelli of Italy and [illegible] warning from Mr von Grünberg, [illegible] company would report a "significant loss" for the current financial year. Sales rose 6.8 per cent in [illegible] first [illegible] months, but profits would be hit by provisions for closing a Canadian factory and restructuring.

The new car tyre division will [illegible] Mr [illegible] Sieber, currently [illegible] main board director responsible for tyre sales and marketing. The commercial [illegible] business will be run by Mr Klaus Röker, who becomes a full member of the group board at the turn of the year.

Both Mr Röker, at present in charge of tyre research, and Mr Sieber will retain their current responsibilities in addition to their new jobs.

The company said the resignation of Mr Knaup, 47, was "a normal career move".

Developers book into hotel boom

Leslie Colitt examines one German property group's success story

Terry Kirk

The Berlin Wall: its breaching fuelled the property boom

THE transformation [illegible] relatively small property developers into the owners of Germany's largest hotel chain is remarkable even by the boom-or-bust standards which pass for the norm in Berlin these days.

Towards the close of 1989, Mr Klaus Groenke and Mr Axel Guttmann were actually on the verge of a programme of retrenchment for their Klingbeil group. Then the Berlin Wall was breached and the property business in Berlin was stood on its head.

The boom has been fuelled by soaring demand for office space, especially as the city is to again be the functioning capital of Germany. The upsurge in demand has come up against a very limited supply of office buildings.

Plans for new construction have been blocked in the east by an artificial shortage of marketable real estate caused mostly by conflicting ownership claims. As a result, office rents have jumped from an average of DM30 per square metre in 1969 to nearly DM100 in central districts of east and west Berlin.

This year, turnover at Klingbeil is likely to rise to DM1.5bn from DM300m in 1990, and the success story looks set to run for some time. Earlier this month, the government Treuhand agency awarded Klingbeil [illegible] contract to buy east Germany's sprawling Interhotel chain, a former state monopoly whose room and occupancy rates are the envy of western hotel operators.

Klingbeil paid DM2.1bn for 27 hotels ranging from the top-of-the-range Grand Hotel in east Berlin to three prefabricated hostelries in Dresden with rooms resembling broom cupboards.

Financed by a consortium [illegible] by [illegible] Bank, [illegible] two Klingbeil partners put [illegible] each [illegible] pledged [illegible] nearly DM1bn [illegible]

The soft-spoken [illegible] good value for money [illegible] would [illegible] Klingbeil [illegible] shops on some of the hotel properties. Klingbeil has wisely protected itself against [illegible] on [illegible] properties [illegible] A [illegible] in [illegible] con[illegible] stipulates [illegible] properties returned to a former owner entitles Klingbeil to get back the market value of the property from the Treuhand.

Negotiations on [illegible]ment [illegible] 70 per cent [illegible] are under [illegible] with Sheraton, Intercontinental, Holiday Inn, Ramada, [illegible] Forte, Kempinski and Steigenberger. Ironically, it was Steigenberger which signed the first management contract with [illegible] last [illegible] have been the first step toward a takeover. However, the Treuhand vetoed the deal.

The buoyancy of the hotel market in east Germany is such that Klingbeil plans to build an additional eight hotels there for DM1.6bn. It already owns two large hotels in Berlin as well as the Sheraton hotel at Frankfurt airport, one of Europe's largest.

Klingbeil [illegible] invested another DM2.8bn in office buildings and other commercial properties in [illegible] east, most of them in surrounding Brandenburg state and in Saxony. They will be marketed as property funds.

However, Mr Groenke expects the boom to cool markedly by the mid-1990s.

In the 1970s and 1980s, Klingbeil flourished as a builder of highly-subsidised, low-income flats in Berlin, an activity from which it withdrew in 1988. Builders of such low-rent housing in Berlin [illegible] extremely well for themselves.

"You could [illegible] builder without investing a pfennig of your own," Mr Hans Weippert, [illegible] official of the Berlin Building Department explained. [illegible] contractors [illegible] submit lump[illegible] bills to [illegible] city which invariably were inflated beyond sub-contractors' costs.

[illegible] present, the city has a desperate shortage of low and medium-income flats, and plans to subsidise between 80,000 and 100,000 such properties by 1995.

Mr Groenke agreed that "too many people had earned too much" in the past, but that the pendulum had swung the other way and the general contractor was now effectively discriminated against.

Landis & Gyr trebles earnings

By [illegible] Rodger in Zurich

NET EARNINGS [illegible] Landis [illegible] Gyr, the Swiss building and energy controls and telecoms equipment [illegible] than trebled to [illegible] in [illegible] September 30 following [illegible] uring of operations [illegible] orders.

The directors of [illegible] perhaps [illegible] known as [illegible] telephones and telephone cards, are proposing to restore the annual dividend to 10 per cent after lowering it to 8 per cent two years ago when [illegible] loss of SFr13.4m. That would make [illegible] dividend [illegible] per registered [illegible] compared with SFr16.

They will also propose a substantial increase in share capital from SFr9.9bn to SFr188.4bn at the annual meeting on January 29. No details of the [illegible] given, but many [illegible] companies [illegible] been preparing recently to split their [illegible] once [illegible] facilitating such [illegible] in [illegible] middle of next year. Many [illegible] shares, including [illegible] Landis & Gyr, are relatively highly priced [illegible] "heavy", [illegible] unattractive [illegible] foreign [illegible]tors.

Consolidated turnover in [illegible] year to September 30 was up 10 per [illegible] SFr2.67bn, but [illegible] company [illegible] if [illegible] excluded it [illegible] Operating profit [illegible] per [illegible] to SFr110.1m [illegible] recessionary [illegible] squeezed margins in [illegible] restructuring [illegible]

The [illegible] sharp rise [illegible] income [illegible] an exceptionally low level, SFr20.3m, [illegible] year's net income is still not as high as the SFr65m earned in 1988.

They [illegible] it [illegible] more to find new business and [illegible] maintain its research and development [illegible]

Securitas in SKr425m acquisitions

SECURITAS, the Swedish locks, alarms and guards [illegible]pany, [illegible] acquired [illegible] agreed [illegible] buy Esabe, Spain's [illegible] largest guard [illegible] and cash-in-[illegible] company. The cost of the [illegible] acquisitions is SKr425m ($74m), writes Robert Taylor in Stockholm.

[illegible] Helker Schorling, Securitas chief executive, [illegible] deals will [illegible] largest [illegible] concern in [illegible] European security industry, giving it [illegible] sales of SKr6.25bn [illegible] with 60 [illegible] outside Swe[illegible] The enlarged [illegible] will [illegible] employees.

[illegible] bought [illegible] security [illegible] companies in Norway, Denmark [illegible] Portugal [illegible] combined turnover of SKr1bn, it has sought to develop a pan-European corporate strategy. Its resulting expansion has [illegible] impressive. [illegible] from [illegible] in [illegible] year, while [illegible] profits (after financial items) [illegible] from [illegible] to an expected SKr235m [illegible] the [illegible] period.

Upjohn to contest UK ruling on Halcion

UPJOHN, the US pharmaceutical company, yesterday said the UK's Committee on Safety of Medicines (CSM) had recommended that its product licence be revoked for its best-selling Halcion sleeping pill, writes Karen Zagor in New York.

The company [illegible] it [illegible] appeal against the recommendation. Halcion sales [illegible] suspended in the UK in October [illegible] about the drug's side-effects. Sincethen, Halcion [illegible] under extensive [illegible] by [illegible] US Food and Drug Administration and the European Community's Committee [illegible] Proprietary [illegible] Products(CPMP).

[illegible] November, [illegible] approved new labelling and packaging for Halcion. Earlier [illegible] month, [illegible] said it supported the Halcion labelling and packaging changes, but confirmed [illegible] "absolute importance" of [illegible] of the product.

[illegible] Isaly, an analyst at [illegible] Isaly in New York, [illegible] "I [illegible] suspect [illegible] Halcion has already had [illegible] usage circumscribed and the remaining users are probably loyal – people tend to swear by their sleeping pills. But the market fears that the drug will be pulled worldwide.

"Upjohn has bought some time by getting the CPMP to expand its review to include all sleeping pills. But if it falls in Europe, it will almost certainly fall in the US."

[illegible] in England and Wales.

1/2 hour period ending	[illegible] Pool purchase price £/MWh	[illegible] Pool purchase price £/MWh	[illegible]
[illegible]	17.72	16.58	16.50
[illegible]	20.08	16.48	16.48
[illegible]	21.80	16.85	21.75
0200	[illegible]	16.55	21.75
0230	[illegible]	16.67	16.67
0300	[illegible]	16.65	16.66
0330	[illegible]	16.46	[illegible]
0400	[illegible]	16.46	16.46
0430	[illegible]	16.44	16.44
0500	[illegible]	[illegible]	[illegible]
0530	17.34	[illegible]	[illegible]
0600	17.53	16.47	[illegible]
0630	17.66	16.49	[illegible]
0700	18.34	16.64	[illegible]
0730	20.19	18.77	21.59
0800	20.22	20.22	22.48
0830	21.52	20.22	22.48
0900	21.60	20.76	28.01
0930	21.60	20.08	30.51
1000	[illegible]	20.05	30.52
1030	[illegible]	22.32	34.62
1100	21.21	22.33	34.63
1130	21.21	22.35	24.67
1200	21.33	20.37	29.02
1230	21.65	20.35	[illegible]
1300	21.55	20.33	[illegible]
1330	[illegible]	[illegible]	[illegible]
1400	[illegible]	[illegible]	[illegible]
1430	21.34	17.30	[illegible]
1500	21.68	22.46	[illegible]
1530	22.58	24.15	35.46
1600	32.90	29.94	[illegible]
1630	130.15	75.86	[illegible]
1700	225.28	113.31	[illegible]
1730	228.65	116.54	[illegible]
[illegible]	[illegible]	[illegible]	91.86
[illegible]	[illegible]	[illegible]	43.91
[illegible]	25.09	20.60	[illegible]
[illegible]	21.71	24.04	[illegible]
[illegible]	20.89	21.18	[illegible]
[illegible]	20.69	[illegible]	[illegible]
[illegible]	20.20	[illegible]	[illegible]
[illegible]	20.20	[illegible]	[illegible]
2200	19.92	19.17	21.35
2300	17.74	16.54	16.54
2330	[illegible]	16.49	[illegible]
2400	[illegible]	16.46	[illegible]

Prices are [illegible] for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.58/MWh becomes 1.658p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreement which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

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In accordance with the conditions of the notes, notice is hereby given that for the three-month period 16th December 1991 to 16th March 1992 (91 days) the notes will carry an interest rate of 4.7125% p.a. Relevant interest payments will be as follows:

Notes of U.S. $100,000
U.S. $1,191.22 per coupon.

THE SANWA BANK LIMITED
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INTL COMPANIES AND MARKETS

Nike beats recession to produce record results

Karen Zagor in New York

NIKE, the US sports shoe and apparel maker, yesterday posted record second-quarter results, continuing its trend of improving its performance in the face of recession and [illegible] dreary retail environment.

For the three months [illegible] November 30, Nike's net income [illegible] 6 [illegible] cent to [illegible], or 80 cents a [illegible], from $58.1m, or 77 cents, a year [illegible]. Revenues grew 15 per [illegible] in the quarter to [illegible] from $648.8m.

Although the results met most expectations following [illegible] surprisingly [illegible] first quarter, analysts were encouraged by the growth in the company's [illegible] for delivery by [illegible] April, which are 8 per [illegible] higher than the previous year at about $1.4bn.

Orders [illegible] footwear and apparel [illegible] for delivery between [illegible] 1991 and January 1992 rose only [illegible] per cent to $1.1bn.

On Wall [illegible], [illegible] in Nike briefly hit a 52-week high of $63⅞, and before the close [illegible] quoted $1⅛ higher [illegible].

Mr Philip Knight, chairman, said: "Although [illegible] US [illegible]omy may have a [illegible] ahead, Nike's momentum is healthy and [illegible] *opportunities* [illegible] very bright."

During the [illegible] quarter, international sales jumped [illegible] per [illegible] to $286.4m, led by strong growth in Nike's Euro[illegible] market. This helped offset a 2 per cent decline in US footwear revenues [illegible] $343.5m. [illegible] apparel revenues firmed [illegible] per [illegible] *to* [illegible] *in the three* months.

Consolidated gross margin rose to 38.7 per cent in the quarter from 37.3 per cent. Selling and administrative [illegible] per cent of [illegible] from [illegible] per [illegible] the previous year.

For [illegible] first half of [illegible] company earned [illegible]76m, or $2.30 a share, on revenues of $1.69bn, against net income of $157.7m, or $2.08, on [illegible] of $1.48bn a year earlier.

SA financial groups in share swap

By Philip Gawith in Johannesburg

FEDSURE and [illegible], [illegible] South African financial [illegible]vices [illegible], have set up [illegible] ($144.40m) [illegible] involving [illegible] and [illegible] shares [illegible] an important force in [illegible] nation's financial [illegible] sector.

Together, they have [illegible] and indirect control [illegible] R16bn worth of assets. The "strategic alliance" brings together [illegible] largest *independent groups in the sector.*

[illegible] Africa's four largest [illegible] all have [illegible] either with one [illegible] large [illegible] a mining/indus[illegible] *conglomerate.*

Once [illegible] exchanges are complete, Fedsure will have an effective 27 per cent stake in Inhold, the holding company in [illegible] 22 per cent in Investec Bank. The Investec group's [illegible] in Fed[illegible] will rise from 4 per cent to [illegible] per [illegible].

In addition to the [illegible] exchange, it [illegible] proposed [illegible] issue new ordinary [illegible] convertible preference shares [illegible] R220m in new capital [illegible] Fedsure and [illegible].

The [illegible] will [illegible] interests [illegible] short and long-term insurance, [illegible] banking, [illegible] banking, mortgage lending, property unit trusts and participation [illegible] bonds.

Both [illegible] a reputa[illegible] preneurial [illegible].

Investec was involved, two years ago, in a controversial but unsuccessful hostile take[illegible] bid [illegible] Board of Executors, a Cape-[illegible] institution.

Mr Stephen [illegible] managing director, and Mr Arnold Basserabie, Fedsure [illegible] executive, say [illegible] ensures their independence and will allow [illegible] focus on their respective operations. The [illegible] in the capital [illegible] allow continued growth [illegible] the [illegible] allow [illegible] to build market share.

They [illegible] "We will both [illegible] in [illegible] position to provide [illegible] increasingly sophisticated market with an integrated [illegible] *of products. Overseas* [illegible] increasingly demand composite investment options which include a mix of products from the assurance, banking [illegible] property sectors."

PPM sets up Australian subsidiary

[illegible] Norma Cohen, Investments Correspondent

PRUDENTIAL Portfolio Managers (PPM), [illegible] asset-management arm of Prudential Corporation, is to establish a subsidiary in Australia as part of the globalisation of its [illegible].

Mr Hugh Jenkins, chief executive of PPM, said the formation of the [illegible] unit was intended to capitalise on the expected build-up of [illegible] pension funds in the country. "[illegible] Australian [illegible]sions [illegible] will be burgeoning over the next 10 years," Mr Jenkins said.

Last year, Australia enacted tax concessions designed to encourage individuals to contribute to occupational [illegible]sions.

Prudential, which has A$4bn [illegible] under [illegible] in Australia, previously managed its investments as part of its life [illegible] operations [illegible]. However, [illegible] of a [illegible] subsidiary [illegible] intended to help [illegible] compete [illegible] manage pension portfolios for others. So far, it has signed up two international pension funds.

Last year, Prudential formed a US subsidiary, PPM America, which plans to compete for the [illegible] of the [illegible] portfolios of US pension funds. PPM America manages the assets of its own US subsidiary, Jackson National Life.

FT/AIBD INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 5.10 pm on December 16

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABN 9 1/8 94	200	105¼	106⅝	-⅛	6.59
ALBERTA PROVINCE 9 3/8 95	600	109⅜	109⅞	-⅛	6.54
AUSTRIA 8 1/2 00	400	105⅜	106	-⅛	7.58
BANK OF TOKYO 8 3/8 96	100	104⅝	[illegible]	+⅛	7.07
BELGIUM 9 5/8 98	250	111⅛	111⅝		7.34
BFCE 7 3/4 97	150	104	104½	+⅛	6.80
BNP 8 5/8 94	300	106¼	106⅝	+⅛	5.96
[illegible]					

OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
[illegible] VEREINS INT 7 94 LFr	[illegible]	94	95		9.69
COPENHAGEN TEL 8 5/8 96 LFr	600	98	98½	+⅛	9.25
WORLD BANK 8 96 LFr	[illegible]	96½	97½	-⅛	[illegible]
ABN AMRO HOLDING 9 1/4 01 Fl	750	101⅛	102		[illegible]
UNILEVER 9 00 Fl	500	102⅝	103⅛	-⅛	8.54
ALBERTA PROVINCE 10 5/8 96 C$	500	106⅛	[illegible]		8.79
BELL CANADA 10 5/8 99 C$	150	106⅛	[illegible]	+⅛	9.44
[illegible]					

[illegible]

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day = Change on day.
FLOATING RATE NOTES: Denominated in dollars [illegible] indicated. Coupon shown is minimum. Spread = Margin above [illegible] offered rate [illegible] mean rate) for US dollars. C.cpn = The current coupon.
CONVERTIBLE [illegible]: Denominated in dollars unless otherwise indicated. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

FT GUIDE TO WORLD CURRENCIES

The table below gives [illegible] latest available [illegible] against [illegible] currencies on Monday, December 16, [illegible]. In some cases the rate is nominal. [illegible] rates [illegible] average of buying and selling rates [illegible] where they are shown to be otherwise. In [illegible] cases [illegible] been calculated from [illegible] of foreign currencies [illegible] which they [illegible] tied.

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
Afghanistan	(Afghani)	99.25	54.488	34.5217	42.4145
Albania	(Lek)	10.15	5.5723	3.5304	4.3376
Algeria	(Dinar)	39.36	21.6085	13.6904	16.8205
Andorra	(Fr Fr)	9.8225	5.3925	3.4165	4.1976
	(Sp [illegible])	[illegible]	[illegible]	[illegible]	78.0982
[illegible]	[illegible]	161.40	[illegible]	56.1391	[illegible]
Antigua	[illegible]	4.9153	[illegible]	[illegible]	2.1005
Argentina	(Austral)	18051.85	9910 [illegible]	6278.9	7714.47
Aruba	(Florin)	3.26	1.7[illegible]	1.1339	1.3931
Australia	[illegible]	2.3545	1.2926	0.8189	1.0061
[illegible]	(Schilling)	20.225	11.1034	[illegible]	8.6431
[illegible]	(Port Escudo)	254.60	139.775	[illegible]	108.808
[illegible]					
France	(Fr)	[illegible]	5.3925	3.4165	4.1976
Fr. Cty/Africa	(CFA Fr)	[illegible]	269.627	170.826	209.882
Fr. Guiana	(Local Fr)	[illegible]	[illegible]	3.4165	4.[illegible]
Fr. [illegible] Is	[illegible]	176.00	96.6236	[illegible]	[illegible] 2136
Gabon	(CFA Fr)	[illegible]	[illegible]	[illegible]	[illegible]
Gambia	(Dalasi)	16.[illegible]	9.0639	5.742[illegible]	7.0555
Germany	(D-Mark)	[illegible]	[illegible]	[illegible]	1.2286

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
Ghana	(Cedi)	703.485	386.212	244.69	300.635
Gibraltar	(Gib £)	1.00	0.5489	0.3478	0.4273
Greece	(Drachma)	330.325	181.348	[illegible]	141.165
Greenland	(Danish Krone)	11.1850	6.1405	[illegible]	4.7799
Grenada	(E Carr $)	4.9153	2.6984	1.7096	2.1005
Guadaloupe	(Local Fr)	9.8225	5.3925	3.4165	4.1976
[illegible]	[illegible]	1.8215	1	0.6335	[illegible]
Guatemala	(Quetzal)	[illegible]	5.0738	3.2146	[illegible]
Guinea	(Fr)	1478.77	811.842	514.355	631.953
Guinea-Bissau	(Peso)	9102.50	4997.26	3166.09	3889.96
Guyana	(Guyanese $)	220.75	121.191	[illegible]	[illegible]
Haiti	(Gourde)	9.1025	5	3.166	[illegible]
[illegible]					
N'nd Antilles	(A/Guilder)	3.2587	[illegible]	1.1334	[illegible]
New Zealand	(NZ $)	3.26575	[illegible]	1.1358	[illegible]
Nicaragua	(Gold Cordoba)	9.1025	[illegible]	3.166	[illegible]
Niger Rep	(CFA Fr)	491.125	269.627	170.[illegible]	[illegible]
Nigeria	(Naira)	17.84	9.7941	[illegible]	[illegible]
Norway	(Nor. Krone)	11.2925	6.1995	[illegible]	[illegible]
Oman	(Rial Omani)	[illegible]	[illegible]	0.244	[illegible]

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
Pakistan	(Pak Rupee)	43.00	23.6069	14.9565	18.376
Panama	(Balboa)	1.8215	1	0.6335	0.7784
Papua New Guinea	(Kina)	1.7315	0.9505	0.6022	0.7399
Paraguay	(Guarani)	[illegible]	1330.88	843.2	1035.98
Peru	(New Sol)	1.82	0.[illegible]	[illegible]	0.7777
Philippines	(Peso)	45.55	25.[illegible]	15.[illegible]	19.4658
Pitcairn Is	(£ Sterling)	1.00	[illegible]	[illegible]	[illegible]
	(NZ $)	3.26575	1.7928	[illegible]	[illegible]
Poland	(Zloty)	19648.0	10786.7	[illegible]	8396.58
Portugal	(Escudo)	254.60	139.775	[illegible]	108.803
Puerto Rico	(US $)	1.8215	1	0.6335	0.7784
Qatar	(Riyal)	6.6350	3.6426	2.3078	2.8354
[illegible]					
[illegible]	(Tala)	[illegible]	[illegible]	1.5232	1.8715
Yemen (Rep of)	(Rial)	23.5756	12.9429	8.2001	10.075
Yemen (Rep of)	(Dinar)	0.8465	0.4647	0.2944	0.[illegible]
Yugoslavia	(Dinar)	37.0863	20.[illegible]	12.8995	15.8488
Zaire Rep	(Zaire)	118570.0	65094.7	41241.7	50670.9
Zambia	(Kwacha)	153.65	84.3535	53.4434	65.6623
Zimbabwe	($)	9.1617	5.0297	3.1866	3.9152

Special Drawing Rights December 13, 1991 United Kingdom £0.773470 United States $1.39998 Germany D [illegible] 2.21589 Japan Yen180.177
European Currency Unit Rates December 16, 1991 United Kingdom £0.708540 United States $1.28990 Germany D Mark 2.03984 Japan Yen165.623

[illegible] (a) Free rate; (b) Banknote rate; (c) Commercial rate; (d) Controlled rate; (e) Essential imports; (g) Financial rate; (h) Exports; (i) Non commercial rate; (j) Business rate; (k) Buying rate; (l) Luxury goods; (m) Market rate; (n) Public transaction rate; (o) Official rate; (p) preferential rate; (q) convertible rate; (r) parallel rate; (s) Selling [illegible] (t) Tourist rate (u) Currencies fixed against [illegible] US Dollar.
[illegible] supplied by [illegible] of America, [illegible] Trading [illegible] 4360/5.
Monday, December 16, 1991

INTERNATIONAL CAPITAL MARKETS

Treasuries unaffected by fall in industrial output

By Patrick Harverson in New York and Simon London and [illegible] Webb in London

DESPITE a bigger-than-expected decline in November industrial output, US Treasury prices were little changed in light trading [illegible] mid-session yesterday.

By midday, the benchmark 30-year government [illegible] was unchanged [illegible] 102¾, yielding 7.767 per cent, while the two-year note was slightly firmer, up ⅛ at 100-27/32, [illegible] carry a yield of [illegible] per cent.

The [illegible] that industrial output fell 0.4 per cent [illegible] month surprised the market, [illegible] had been expecting a decline of half that size. The figure, however, was not sufficient [illegible] spur demand for Treasury securities, either [illegible] the short [illegible] long end of [illegible] maturity spectrum.

Analysts [illegible] lack of [illegible] reaction [illegible] probably [illegible] tion of the reluctance [illegible] traders and investors to commit

INTERNATIONAL GOVT BONDS

funds [illegible] the market ahead [illegible] today's important meeting of the Federal Reserve's Open Market Committee, which many believe will sanction further interest rate [illegible] shortly.

■ *EUROPEAN government* bond [illegible] remained bullish, showing further gains [illegible] terday following last week's EC summit in Maastricht.

International investors continued to place [illegible] money in [illegible] German government bond market. The bund futures [illegible] tract [illegible] Liffe [illegible] from [illegible] opening of 86.42 to 86.73 by late afternoon. Although [illegible] Bundesbank Council holds its [illegible] meeting of [illegible] year on Thursday, few traders expect [illegible] central [illegible] to announce [illegible] rise in German interest [illegible]

In France, the March [illegible] contract on the Matif exchange closed [illegible] 106.94, up from [illegible] opening level of 106.82. The spread between the higher-yielding 10-year French Treasury bond and the 10-year German bund [illegible] unchanged [illegible] basis points.

Dutch government [illegible] closed firmer, following the German market's rise. Traders [illegible] waiting for today's [illegible] for the Dutch government's [illegible] per cent 15-year bond

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	[illegible]	Yield	Week ago	Month ago
AUSTRALIA		[illegible]	11/01	114.6400	+0.147	[illegible]	[illegible]	9.81
BELGIUM		[illegible]	06/01	99.6500	+0.200	9.04	9.11	[illegible]
[illegible]		8.500	04/02	100.0500	-0.150	[illegible]	8.61	[illegible]
DENMARK		9.000	[illegible]	100.9200	[illegible]	[illegible]	9.01	[illegible]
FRANCE	BTAN	8.500	[illegible]	[illegible]	+0.153	9.04	[illegible]	[illegible]
	OAT	9.500	01/01	104.4800	+0.080	8.76	[illegible]	8.73
GERMANY		8.25	09/01	[illegible].2300	+0.220	8.20	[illegible]	8.21
ITALY		12.000	06/01	97.1000	[illegible]	12.53	[illegible]	[illegible]
[illegible]	No 119	[illegible]	06/99	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	No 129	6.400	[illegible]	104.4307	[illegible]	5.62	5.66	[illegible]
NETHERLANDS		[illegible]	03/01	[illegible]	+0.170	8.69	8.78	[illegible]
SPAIN		11.900	07/96	100.4000	-0.150	11.72	11.85	11.88
UK [illegible]		10.000	11/96	101-09	03/32	9.66	9.82	9.72
		10.000	02/01	102-18	-01/32	9.57	9.71	9.67
		9.000	10/08	97-00	-01/32	9.35	9.46	[illegible]
US TREASURY *		[illegible]	11/01	010-31	-09/32	[illegible]	7.24	[illegible]
		8.000	[illegible]	[illegible]	-09/32	7.77	7.80	[illegible]

London closing, *denotes New York morning session. Yields: Local market standard. Prices: US, UK in 32nds., others in decimal. Technical Data/ATLAS Price Sources

[illegible] which [illegible] expected [illegible] appeal to domestic rather than international investors. In grey market trading, the [illegible] rose [illegible] to yield [illegible] per cent.

■ UK government bonds drifted down during [illegible] day [illegible] [illegible] about the [illegible] of [illegible] UK [illegible] and the government's [illegible] showing in [illegible] opinion polls.

The [illegible] of British Industry - [illegible] employers' [illegible] - December monthly [illegible] wiped [illegible] hopes of a recovery [illegible] the UK economy early next year and helped to push gilt prices lower, mainly [illegible] of the likely political repercussions. Traders said that if [illegible] well into 1992, it is likely to [illegible] the Conservative government's [illegible] of winning a general election, which [illegible] to [illegible] held during [illegible] first half od next yea. Opinion polls released [illegible] the weekend showed the Conservatives marginally ahead of Labour.

[illegible] 10 per [illegible] gilt [illegible] slipped from 101⅛ to 101⅛. [illegible] long end of [illegible] yield curve, [illegible] 11¾ per [illegible] gilt due 2003/07 fell a quarter of [illegible] point from [illegible] opening [illegible] of 114[illegible] [illegible] recovering to [illegible] 114[illegible]. The Liffe gilt future [illegible] from [illegible] opening of [illegible] by [illegible] afternoon.

■ THE Japanese government [illegible] market closed stronger yesterday, with [illegible] 10-year bond reaching its highest level since December [illegible]

The yield on the benchmark No [illegible], which opened [illegible] per cent, moved [illegible] per cent before closing [illegible]

■ WHILE [illegible] of government bond [illegible] remained firm yesterday, [illegible] issue activity in the international bond [illegible] to a virtual stand-still.

At [illegible] one substantial new Eurobond [illegible] anticipated [illegible] week, with the European Community still expected to launch [illegible]. But, the [illegible] formally [illegible] leading firms yesterday, suggesting [illegible] now [illegible] or even [illegible] year. In addition, [illegible] global [illegible] issues [illegible] expected [illegible] in early January, [illegible] global dollar [illegible] and [illegible] global yen issue. Syndicate [illegible] yesterday [illegible] World Bank [illegible] options [illegible] this week, canvassing opinions from leading international [illegible] firms. A 10-year [illegible] bond [illegible] a dollar [illegible] in [illegible] seven-10-year maturity [illegible] expected.

The dollar [illegible] would probably be compared with [illegible] European Investment Bank's $500m 10-year Eurodollar [illegible] ago. The issue, lead managed by ABN Amro, [illegible] on a yield spread [illegible] points more than US Treasury bonds, [illegible] yesterday trading [illegible] tight spread of [illegible] basis points.

Uncertain future for stock option trading

Shadows loom over the planned merger of Liffe and LTOM writes Tracy Corrigan

THE London International Financial [illegible] Exchange's first [illegible] of trading on its new dealing floor at Cannon Bridge yesterday was [illegible] by growing uncertainty over the future of stock option trading after Liffe merges [illegible] London Traded Options Market (LTOM) next year.

The trading floor, covering 25,000 square feet, contains 595 trading booths, of which 96 booths are reserved for stock options. [illegible] not enough members [illegible] market-makers [illegible] stock options [illegible] new exchange.

Members of the board of the London Traded Options Market [illegible] yesterday to [illegible] of saving the market.

"There is a potentially [illegible] equity options market, but we [illegible] find [illegible] develop it," [illegible] options trading at a UK house.

Although some 300 applications [illegible] received last month [illegible] 'D' shares, which [illegible] equity options [illegible] new exchange, [illegible] firms are keen on trading equity index [illegible] the [illegible] FT-SE [illegible] option, [illegible] 67 [illegible] options currently traded on LTOM.

Only a handful of houses, including [illegible] Capel, City of [illegible] Options [illegible] O'Connor [illegible] (part of [illegible] Corporation), [illegible] have [illegible] to making [illegible] a [illegible] options.

In order to [illegible] a liquid market, [illegible] have a

Trevor Humphries

[illegible] trading floor in River Building, Cannon Bridge, London, which opened yesterday

number of market-makers [illegible] every stock option. Unless more volunteers come forward, this target will be difficult to reach.

However, Mr Michael Jenkins, chief executive of Liffe, said [illegible] on a number of options two market-makers might be sufficient, providing other participants [illegible] acting as principal traders.

Last week, Liffe announced [illegible] planned merger [illegible] the London Traded Options Market on January 31 [illegible] postponed for at least [illegible] months, due [illegible] legal [illegible] technical delays in the merger.

However, the physical [illegible] options trading [illegible] stock exchange to Cannon Bridge [illegible] on January 31, so [illegible] in practice [illegible] tainty over the market-making structure must be resolved by [illegible]

A [illegible] of possibilities are under consideration:

● Some firms involved in [illegible] equity options [illegible] pressing [illegible] number of [illegible] options [illegible] reduced.

"There [illegible] tail [illegible] options [illegible] are virtually [illegible] traded," said one head of derivatives at a UK firm. "They need to be knocked out."

However, other firms say that trading volume in different options varies considerably and claim that a reduction in the number of options would decrease the efficiancy of the market, as well as potentially causing staff redundancies.

● The long-standing argument over whether to move to a screen-based trading system has been resuscitated.

A number of the large integrated firms (which are active in [illegible] underlying cash market) are again pushing for the early introduction [illegible] screen-based trading.

[illegible] failure to push this line of action earlier seems to have increased their unwillingness [illegible] commit themselves to market-making.

There remains considerable resistance to screen-based trading among smaller firms, which argue that in any case the move would not ensure greater liquidity.

Liffe's screen trading system [illegible] currently being developed [illegible] will not be ready for [illegible] year. Some traders suggest Liffe might consider buying an existing options trading systems, most likely from [illegible] Deutsche Terminbörse, which [illegible] German equity options, [illegible] OM which trades Swedish stock options, but such a drastic [illegible] appears unlikely.

● Some compromise may be reached over the nature of the market making system, to [illegible] the requirements less onerous.

Mr Jenkins maintains there is not one answer. "We are talking to all potential market makers to ascertain what their intentions are," he said. "We want to ensure that there are enough market-makers and principal traders to ensure a competiti[illegible] [illegible]ket."

■ [illegible] fitting out of Liffe's new building, which began [illegible] March, [illegible] budgeted [illegible] £30.7m ($55.2m), and the actual cost is not expected [illegible] exceed that [illegible]. Telecommunica[illegible] and systems account for [illegible] and the trading floor and [illegible]ties for £7.3m.

Japanese futures activity soars

By Emiko [illegible] in Tokyo

[illegible] futures activity has increased sharply this year [illegible] institutional investors switching their focus away [illegible] a sluggish [illegible] in equities.

Turnover [illegible] index, which [illegible] year surpassed [illegible] Chicago Mercantile Exchange's [illegible] & Poor's [illegible] futures, reached Y499,400bn ($3,877bn) [illegible] first 11 [illegible] of this year. Turnover in the Tokyo cash markets for shares stayed depressed. For the 11 months, turnover on [illegible] Tokyo [illegible] Exchange was Y102,000bn.

[illegible] trading and arbitrage trading were introduced [illegible] Japan [illegible] 1988. [illegible] year, [illegible] trading by foreign [illegible] was [illegible] exaggerating the decline in the stock [illegible]

However, [illegible] low volumes [illegible] the cash markets following this year's spate of [illegible] market scandals, [illegible] made trading in large [illegible] impossible [illegible] the [illegible] stock [illegible]

[illegible] investment trusts, which already have [illegible] weightings [illegible] equities, have become active participants in the futures markets.

S Korea stock exchange to lift commissions

THE [illegible] Korea [illegible] Exchange [illegible] yesterday [illegible] the go [illegible] to [illegible] in a maximum 0.6 [illegible] from [illegible] ceiling, Reuter reports [illegible]

The Korea [illegible] Association (KSDA) [illegible] sought permission [illegible] ceiling [illegible] 0.8 [illegible]

[illegible] must inform [illegible] KSE by December 20 [illegible] plans [illegible] raise [illegible] com[illegible]

S American trading agreement

By Victoria Griffith in Sao Paulo

THE stock exchanges of Brazil, Argentina and Uruguay [illegible] expected to sign an agreement [illegible] pool [illegible] tually establish an electronic link-up.

The accord is an outcome of the countries' intention to form a common market, known as the "Mercosul".

Under [illegible] both individ[illegible] and institutional [illegible] in all [illegible] will have the right to make trans-border purchases of equity.

Average daily trading vol[illegible] were around $50m in Brazil, $40m in Argentina and $4m in Uruguay this month. Because of its free exchange [illegible] system, Uruguay's main [illegible] new common [illegible] will probably be as a clearing house.

Earlier this year, Brazil opened up its stock markets for the first time to foreign institutional investors, but the new accord represents the first opening [illegible] direct investments from foreign individuals.

The agreement also marks the first time Brazilians will be allowed [illegible] invest abroad. [illegible] move is expected [illegible] lift demand for Brazilian stocks.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

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EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon Dec 16 1991 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%))	Est. P/E Ratio (Net)	xd adj. 1991 to date	Fri Dec 13 Index No.	Thu Dec 12 Index No.	Wed Dec 11 Index No.	Year ago (approx) Index No.
1 CAPITAL GOODS (180)	743.60	-0.8	9.11	6.48	14.04	34.30	749.60	743.84	728.51	722.69
2 Building Materials (23)	890.32	-1.1	7.83	7.00	17.24	46.51	900.53	894.01	869.19	973.97
3 Contracting, Construction (29)	905.17	-1.4	8.27	8.19	17.72	51.42	918.23	916.91	910.73	1137.77
4 Electricals (10)	2370.18	-0.4	10.17	6.25	12.51	98.23	2380.04	2365.15	2326.37	1923.77
5 Electronics (26)	1678.23	-0.5	10.95	5.12	11.58	53.94	1687.23	1648.63	1618.73	1555.47
6 Engineering-Aerospace (8)	326.38	-1.5	16.55	7.96	7.35	18.52	331.38	333.33	330.45	401.90
7 Engineering-General (43)	457.60	+0.1	10.52	5.48	11.73	16.20	457.14	454.40	450.13	365.47
8 Metals and Metal Forming (9)	304.89	-1.2	2.14	11.54	-	25.83	308.53	304.06	297.05	401.16
9 Motors (12)	292.50	-0.1	8.85	8.23	15.00	17.56	292.91	284.84	280.57	292.53
10 Other Industrial Materials (20)	1489.83	-0.9	8.04	5.50	14.81	59.05	1503.51	1501.72	1458.65	1259.43
21 CONSUMER GROUP (189)	1549.75	-0.2	7.58	3.55	16.24	40.73	1553.23	1546.96	1521.14	1229.37
22 Brewers and Distillers (23)	1908.62	-0.2	8.87	3.71	13.63	49.14	1912.81	1898.62	1883.14	1588.65
25 Food Manufacturing (19)	1214.49	-0.1	9.72	4.16	12.64	37.32	1215.42	1210.33	1190.34	1039.76
26 Food Retailing (17)	2379.05	-0.1	9.74	3.49	13.33	65.37	2381.59	2375.91	2323.38	2292.39
27 Health and Household (24)	4141.37	-0.4	4.97	2.32	23.11	72.62	4157.43	4137.14	4043.39	2569.38
29 Hotels and Leisure (24)	1206.14	-0.7	8.45	5.62	14.64	45.61	1214.24	1193.37	1164.71	1218.82
30 Media (23)	1328.31	+0.2	7.11	4.04	17.67	48.36	1325.23	1382.63	1378.76	0.00
31 Packaging, Paper & Printing (17)	728.16	+0.2	7.41	4.56	16.35	24.43	726.98	720.70	716.78	519.20
34 Stores (32)	991.66	-0.2	7.62	3.75	17.27	26.77	993.59	977.67	959.41	781.08
35 Textiles (10)	588.12	-0.5	7.88	5.28	16.20	22.28	591.36	595.49	583.80	402.49
40 OTHER GROUPS (112)	1178.70	-0.5	10.24	5.71	12.33	40.33	1184.52	1171.39	1154.07	1015.75
41 Business Services (13)	1346.19	-3.0	7.50	4.95	16.94	46.93	1387.98	1399.61	1387.71	0.00
42 Chemicals (21)	1367.06	-0.1	7.40	5.37	16.70	54.35	1368.78	1351.39	1338.77	1067.46
43 Conglomerates (11)	1286.39	+0.6	11.33	8.35	10.84	44.87	1278.64	1261.74	1234.85	1295.21
44 Transport (14)	2275.50	+0.1	5.64	4.97	23.35	79.12	2273.57	2234.42	2197.01	1897.56
45 Electricity (16)	1215.77	-0.9	14.83	6.19	8.77	27.53	1226.97	1205.80	1176.05	0.00
46 Telephone Networks (4)	1382.50	-0.5	11.35	4.53	11.50	30.42	1389.95	1384.72	1373.49	1170.98
47 Water (10)	2276.69	-0.9	18.76	6.98	5.87	151.44	2297.91	2256.34	2197.44	2165.47
48 Miscellaneous (23)	1731.20	-0.6	5.78	5.73	23.80	75.10	1741.75	1714.58	1690.74	1582.23
49 INDUSTRIAL GROUP (481)	1228.86	-0.4	8.69	4.74	14.39	39.66	1233.91	1225.40	1204.83	1040.35
51 Oil & Gas (19)	2204.09	-0.2	11.72	6.37	11.28	104.27	2208.28	2168.97	2130.11	2296.56
59 500 SHARE INDEX (500)	1314.29	-0.4	9.04	4.93	13.95	44.82	1319.35	1308.56	1286.43	1143.81
61 FINANCIAL GROUP (90)	710.65	-0.6	-	6.57	-	34.41	714.86	703.00	695.15	713.84
62 Banks (9)	839.85	-0.5	4.75	6.32	41.30	38.97	843.87	815.33	801.71	751.68
65 Insurance (Life) (6)	1401.12	-1.2	-	6.10	-	63.68	1418.00	1388.45	1368.09	1509.31
66 Insurance (Composite) (7)	495.75	-1.8	-	8.79	-	32.94	504.96	503.52	503.52	617.84
67 Insurance (Brokers) (10)	987.56	-0.2	8.27	6.78	15.91	49.46	989.65	988.61	970.72	973.35
68 Merchant Banks (7)	453.76	.....	-	4.72	-	16.06	453.57	452.16	453.79	356.62
69 Property (35)	816.67	+0.3	6.04	5.77	24.36	33.34	814.60	822.85	815.94	976.18
70 Other Financial (16)	230.25	+0.2	11.53	7.59	10.91	13.03	229.80	229.31	229.18	254.86
71 Investment Trusts (69)	1145.60	-0.3	-	3.78	-	31.82	1149.05	1140.99	1124.47	1013.67
99 ALL-SHARE INDEX (659)	1170.11	-0.4	-	5.10	-	41.78	1174.88	1164.10	1145.30	1037.71

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Dec 13	Dec 12	Dec 11	Dec 10	Dec 9	Year ago
FT-SE 100 SHARE INDEX‡	2440.8	-10.8	2447.7	2440.0	2451.6	2423.3	2380.2	2392.0	2409.6	2157.9

FIXED INTEREST

PRICE INDICES	Mon Dec 16	Day's change %	Fri Dec 13	Accrued Interest	xd adj. 1991 to date
British Government					
1 Up to 5 years (27)	122.10	+0.04	122.78	1.95	11.70
2 5-15 years (27)	135.58	....	136.17	1.87	13.36
3 Over 15 years (8)	144.39	-0.04	144.45	1.39	13.28
4 Irredeemables (6)	160.16	-0.15	160.40	1.63	13.68
5 All stocks (69)	133.66	....	134.25	1.89	12.94
Index-Linked					
6 Up to 5 years (2)	167.26	+0.11	167.08	0.77	3.16
7 Over 5 years (9)	148.02	+0.11	147.86	0.92	4.26
8 All stocks (11)	149.55	+0.11	149.39	0.89	4.18
9 Debs & Loans (62)	114.68	+0.32	114.31	1.86	10.75

AVERAGE GROSS REDEMPTION YIELDS		Mon Dec 16	Fri Dec 13	Year ago (approx.)
British Government				
1 Low	5 years	8.63	8.63	9.80
2 Coupons	15 years	9.33	9.32	10.12
3 (0%-7¾%)	20 years	9.33	9.32	10.14
4 Medium	5 years	9.64	9.63	10.91
5 Coupons	15 years	9.45	9.44	10.47
6 (8%-10¾%)	20 years	9.42	9.41	10.36
7 High	5 years	9.87	9.87	11.03
8 Coupons	15 years	9.51	9.50	10.65
9 (11%-)	20 years	9.44	9.43	10.54
10 Irredeemables		9.53	9.51	10.35
Index-Linked				
11 Inflation rate 5%	Up to 5yrs.	3.97	3.99	3.84
12 Inflation rate 5%	Over 5 yrs.	4.34	4.35	4.11
13 Inflation rate 10%	Up to 5 yrs.	3.28	3.30	2.45
14 Inflation rate 10%	Over 5 yrs.	4.15	4.16	3.92
15 Debs &	5 years	11.18	11.16	12.63
16 Loans	15 years	11.00	11.00	12.39
17	25 years	10.83	10.84	12.15

‡Opening index 2446.0; 9 am 2440.0; 10 am 2444.5; 11 am 2443.7; Noon 2444.1; 1 pm 2447.2; 2 pm 2446.7; 2.30 pm [illegible]45.9; 3 pm 2446.1; 4.10 pm 2441.4; (a) 10.31am (b) [illegible].11am † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-[illegible] relating to these indices. These are available by subscription from FINSTAT, Ibex House, 42-47 Minories, London EC3N 1DY. Tel: 0[illegible]1-702 0991. CONSTITUENT CHANGES: ADDITIONS: Sage Group (5), Seton Healthcare Group (27); DELETIONS: Maxwell Communications (30), Mirror Group Newspapers (30), Sun Life (65).

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	16	44	22
Other Fixed Interest	4	3	12
Commercial, Industrial	194	281	1,018
Financial & Property	75	134	569
Oil & Gas	15	19	58
Plantations	0	0	10
Mines	18	30	104
Others	37	27	81
Totals	359	538	1,874

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price	+or-	Net Div.	Times Cov'd	Gross Yield	P/E Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price £	+or-
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price p	+or-
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

TRADITIONAL OPTIONS

● First Dealings Dec. 16
● Last Dealings Jan. 3
● Last Declarations March 19
● For settlement March 30

Calls in Albert Fisher, Aran Energy, ASDA, Berisford Intl., T. Cowie, Ratners and Thomas Tyl. Puts in Laura Ashley. Puts and calls in Aran Energy, [illegible] and Glynwed Intl. [illegible] indications are shown on this page.

LONDON TRADED OPTIONS

Option	Calls	Puts
[illegible]	[illegible]	[illegible]

TRADITIONAL OPTION 3-month call rates

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

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ED OPTIONS

YJ Lovell £20.3m in the red and passes dividend

By Jane Fuller

YJ LOVELL (Holdings), the UK house builder, property developer and contractor which recently breached its banking agreement, made a pre-tax loss of £20.3m in the year to September [redacted] compared with a £19.4m profit in the previous year.

The group's borrowings, which totalled £111.4m [redacted] the year-end including off-balance sheet liabilities, are being treated as an overdraft by its seven banks, led by Barclays.

Mr Antony Hichens, chairman, said Lovell had the support of its main UK banks and would have sufficient facilities to cover this year's requirements, so long as there was not a "major deterioration in the financial position of the group".

The [redacted] of the losses, which amounted to £47.6m [redacted] the retained level, [redacted] expected [redacted] the company [redacted] warned [redacted] £61.5m provisions nearly [redacted] ago.

[redacted] also [redacted] then [redacted] would not [redacted] final [redacted] in spite of having said it would maintain [redacted] launching [redacted] issue in April. This leaves the year's total [redacted] 2.2p (8.95p).

The share price fell 67 per [redacted] 32p on the day of the warning, which intensified worries about the construction and building materials sector. Yesterday's details knocked 2p off [redacted] price, [redacted] closed at 25p – [redacted] tenth of the Janu[redacted] level [redacted] it was bidding for Higgs & Hill.

The provisions were more than double the amount envisaged in April. Mr Hichens said there had been a false dawn in the spring when it [redacted] believed [redacted] improved affordability of houses would end the excessively long [redacted]

But the market had instead gone into decline again, necessitating a £12.7m [redacted] in the value of group's housing landbank – [redacted] of [redacted] per cent.

The property portfolio was written down by £9.9m, or 19 per cent. These two figures comprised most of the £25.4m exceptional charges.

Below the line came a catalogue of closure costs, led by £20.4m for the urban renewal business.

The losses meant that in spite of the rights issue, net assets fell from nearly £92m (restated from £96m) to £70.4m. This accounted for the first breach of banking covenants, which had stipula[redacted] not [redacted] £95m. The second breach was interest cover which Mr Hichens said was supposed to be about twice.

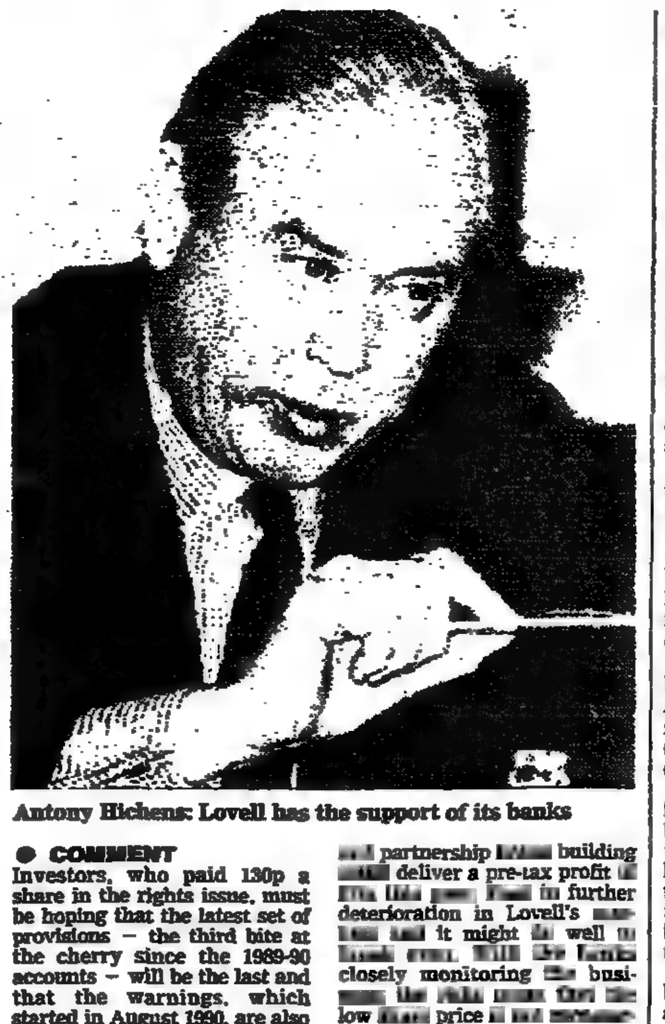
Although the figures showed operating profit of £11.8m (£39.9m) and interest payments of £6.7m (£13.9m), about £5.5m of interest had been included in provisions for business closures.

Net [redacted] on [redacted] sheet was reduced [redacted] £93.9m to £66.7m, gearing of 95 per cent. Off balance sheet, there was a further £44.7m (£41.8m) of borrowings.

Mr Bob Sellier, chief executive since April, said his target was for gearing to come down to 50 per cent encompassing all borrowings. "It won't be this year. By the end of 1993, providing we can make the property disposals we want to, it won't be far away."

Turnover fell to £379m (£409.2m). Construction pre-tax profit declined to £1.17m (£11.8m), residential and commercial developments [redacted] £464,000 (profit of £8.12m), partnerships with local authorities and housing associations advanced to £5.01m (£3.43m), [redacted] operations lost [redacted] (profit [redacted]

[redacted] to 22.6p (earnings 23.9p).



Antony Hichens: Lovell has the support of its banks

● COMMENT

Investors, who paid 130p a share in the rights issue, must be hoping that the latest set of provisions – the third bite at the cherry since the 1989-90 accounts – will be the last and that the warnings, which started in August 1990, are also over. Turnrounds in the loss-making divisions and continued soundness in construction [redacted] partnership [redacted] building [redacted] deliver a pre-tax profit [redacted] in further deterioration in Lovell's [redacted] it might [redacted] well [redacted] closely monitoring [redacted] busi[redacted] low [redacted] price [redacted]ily cheap, and those prepared to gamble will [redacted] patience.

Restructure and board changes at Aitch

By Daniel Green

AITCH GROUP, which supplies clothing to retailers and mail-order companies such as Burton, Freemans [redacted] Littlewoods, is restructuring [redacted] reorganising to try to [redacted] worsening losses.

Mr Harry Rogers yesterday stepped [redacted] chairman and chief executive so that he [redacted] private the women's [redacted] part [redacted] the business, [redacted] Naughty Clothing Company, which [redacted] for [redacted] quarter of turn[redacted]

[redacted] A. Michael Green [redacted] chief executive. He and [redacted] Richard Lawson, both newcomers to the board, [redacted] about [redacted] per [redacted] company's equity.

[redacted] new chairman [redacted] Mr [redacted] Hollander, who has [redacted] companies since [redacted] Viyella [redacted] Yesterday Mr Hollander blamed [redacted] restructuring and reorgan[redacted] on difficult trading in [redacted] high [redacted]

Hill [redacted] merchant bank, [redacted] given [redacted] backing [redacted] a financial reorganisation [redacted] three months of [redacted] circular will [redacted] posted [redacted] month.

[redacted] will keep its busi[redacted] in [redacted] shirts, [redacted] manufacture [redacted] Northern Ireland, [redacted] and [redacted] importers and a swimwear manufac[redacted]

Aitch [redacted] £1m in [redacted] May 31, more [redacted] of [redacted] Half [redacted] were [redacted]

Attwoods 72% take up in rights issue higher than expected

By Richard Gourlay

ATTWOODS, the waste management company, where Sir Denis Thatcher [redacted] deputy chairman, yesterday announced a higher than expected take-up of its [redacted] rights issue which [redacted] troubled company [redacted] forced to [redacted] in order to cut debt.

S.G. Warburg Securities [redacted] 72.4 per [redacted] were [redacted] for [redacted] the balance [redacted] successfully placed yesterday morning with [redacted] wide range of institutions.

[redacted] 27.2 per cent of the deeply discounted cash call [redacted] up by Laidlaw, [redacted] school transport to waste management group, which [redacted] Attwood's largest [redacted]

Laidlaw also took up [redacted] extra [redacted] in [redacted] deeply dis[redacted] 9 for 25 [redacted] call, raising [redacted] stake [redacted] per [redacted]

Attwoods share price rose 5p [redacted] 110p.

Mr Ken Foreman, the [redacted]man, welcomed the outcome [redacted] the rights issue. "The underlying business [redacted] sound but we have alot of damage repair to do," Mr Foreman said.

Last year some 69 per [redacted] of Attwoods' profits were in the [redacted] and [redacted] per cent of [redacted] sales. Mr Foreman said [redacted] were holding [redacted] in [redacted] US and in the UK.

Proceeds [redacted] the rights [redacted] net [redacted] debt to £45m and [redacted] to 19 per cent.

Mr [redacted] said [redacted] investigations in the US, including a criminal investigation [redacted] Department, were "not serious" and that no charges had yet been brought against the company.

GWR replaces chairman as litigation looms

By Norma Cohen, Investments Correspondent

SHAREHOLDERS in Great Western Resources, including [redacted] Kuwait Investment Office, have forced [redacted] replacement of the company's chairman, Mr Dan [redacted]

The new non-executive chairman [redacted] Mr Howard Wolf, [redacted] senior partner [redacted] the Houston, Texas-based [redacted] firm of Fulbright [redacted] Jaworski who [redacted] previous experience in [redacted]ing the fortunes of several troubled companies.

[redacted] Pena will remain as president and chief executive of [redacted] beleaguered oil, coal [redacted] concern.

A group of shareholders, including [redacted] – [redacted] per cent stake – and GWR's [redacted] financial advisers [redacted] have supported the appointment of a [redacted] chairman after [redacted] disclosed he had received an additional [redacted] (£1.10m) [redacted] pay[redacted] from the company in addition to his annual salary.

A portion of those payments [redacted] in the form of loans which shareholders will be [redacted] approve [redacted] the company's annual meeting early next year.

Yesterday, GWR [redacted] it will omit its final [redacted] for the [redacted] year [redacted] September 30, 1991.

The [redacted] it [redacted] in talks with its bankers regarding [redacted] restructuring [redacted] debts, which [redacted] £77.5m [redacted] March 31, 1991.

The company's financial [redacted]ficulties [redacted] from [redacted] suit [redacted] against it in November [redacted] by its single largest customer, South Carolina [redacted] Service Authority, in which it charged [redacted] with conspiracy, fraud [redacted] inducement [redacted] fiduciary obligations.

[redacted] seeking [redacted] in damages, claiming that it had paid [redacted] much for coal purchased from [redacted] suit was filed, SCPSA's former purchasing manager [redacted] indicted on charges of accept[redacted] payments.

SCPSA had an agreement [redacted] purchase all the [redacted] coal produced by a single [redacted] subsidiary [redacted] was responsible for 53 per [redacted] GWR's [redacted]nues. However, following [redacted] investigation by South Carolina law enforcement authori[redacted] and the Federal Bureau [redacted] Investigation into SCPSA's supplier contracts, [redacted] sought an audit of GWR's [redacted]

When efforts to obtain [redacted] full audit [redacted] filed the suit.

NEWS DIGEST

Hardys & Hansons tops £7m

PROFITS BEFORE tax [redacted] Hardys & Hansons, the Nottinghamshire-based brewer, [redacted] the 53 weeks ended October 4.

The 11 per cent improvement was achieved from a turnover, excluding VAT, 16 per cent ahead at £29m – comparable figures were for 52 weeks.

Earnings emerged at 96.335p (81.83p) and [redacted] proposed final dividend of 24.1p makes a 37.5p (33.5p) total.

Ship sale boosts Graig Shipping

Graig Shipping, the [redacted] based transport, mineral and investment company, achieved an increased pre-tax profit of £1.7m for the half-year to September 30.

The figure – up from £866,000 last time – was struck after profits of £3.56m (nil) from the sale of a ship and £2.06m (nil) written off investments.

Earnings per share came out at 10.8p (4.3p) [redacted] tax of £658,000 (£233,000) and there is an increased interim of 2p (1p).

Resort Hotels purchase option

Resort Hotels, based in Brighton, has entered [redacted] reciprocal option agreement with County Resort Hotels, [redacted] Business Expansion Scheme (BES) company which owns and oper[redacted]

Under the agreement Resort will have the option to acquire the [redacted] liabilities and undertakings of County [redacted] that company's five-year [redacted] period has expired in April 1993 or be required to acquire the company's equity for 9.87m new shares.

[redacted] on [redacted] middle market price [redacted] on December 13, consideration would [redacted] £9.7m, representing [redacted] discount of 6.7 per cent to County's net assets of £10.4m as at April 30 1991.

Bellwinch announces refinancing package

[redacted] troubled [redacted] builder based in the south of England, [redacted] a [redacted]nancing package which includes transfer of ownership of a £9.5m London Docklands site to its banks, a £2.8m open offer, capital reconstruction, and pay cuts for directors.

Following the announcement, shares in the company – suspended at 3p since August – resumed trading.

In the capital reconstruction, the company's existing 32.9m ordinary 10p shares will be sub-divided and consolidated into 3.29m 25p converted [redacted] and [redacted] 2.5p [redacted] shares.

About [redacted] net will be raised through a placing and open offer of 13.2m new 25p shares on the basis of two new shares for every five existing shares at a price of 25p each.

The new shares have been conditionally placed by Credit Lyonnais Laing with institutional and other investors.

Midland Bank and Royal Trust Bank – which now own the Docklands housing site – have been granted options to subscribe for new shares which could result in their holding an aggregate 14.25 per cent of the enlarged share capital.

Bellwinch announced a £15.1m loss for the year to June 30, up from £4.85m the previous year.

Richmond Oil edges into profit

Richmond Oil [redacted] Gas, the US natural resources group quoted in London, returned pre-tax profits of £23,000, [redacted] with previous losses of £1.02m, for the half-year ended September 30.

The directors said the results did not reflect the benefit of most of the profit on the sale of the San Juan Basin nor overhead cost savings made subsequently to the period-end.

They [redacted] "significant further profit [redacted] in [redacted] second half".

Turnover expanded from [redacted] £5.73m. There [redacted] an exceptional [redacted] £231,000 relating [redacted] Juan Basin sale.

Worthington rises to £244,000

Worthington Group, a button supplier and maker of sewing threads, achieved a rise in pre[redacted] profits [redacted] September [redacted]

Turnover [redacted] with [redacted]

The group [redacted] restoring interim [redacted] 0.3p payment. Earnings per share amounted [redacted] 1.7p (1.5p).

United Industries incurs £609,000 loss

United Industries, with interests in materials handling, springs and pressings, cutting tools and process machinery, incurred a loss of £609,000 pre[redacted] the half-year ended October 5.

That compared with profits of £693,000 for the opening half of the previous year and with losses of £1.49m for the second six months.

There were exceptional costs of £106,000 (credits £438,000) but lower net interest charges [redacted]

Losses [redacted] share worked through [redacted] 1.93p (earnings 1.41p) [redacted] the [redacted] being passed – 0.5p [redacted] paid previously.

Turnover declined from [redacted]

Cont Stationery declines 21%

Continuous Stationery, the printer [redacted] stationery, suffered a 21 [redacted] profits [redacted]

[redacted] for [redacted] half-year [redacted] September [redacted] slipped from [redacted]

Although profits [redacted] turn[redacted] improvements over the second half of the previous year the directors pointed out that activity levels in the two divisions remained at "stable if depressed levels".

An uncertain outlook has prompted them to reduce the interim dividend by 0.4p to 0.8p. Earnings emerged at 2.61p (3.21p).

£3.5m buy-out [redacted] Crown Graphic

Crown Industrial Group, the corrugated board and case manufacturer, has sold Crown Graphic (Europe) to its management in a £3.5m buy-out supported by Lloyds Bank and 3i, the investment capital group.

Crown Graphic (Europe) has three operating divisions with an annual turnover of £10m manufacturing and designing industrial instruments.

[redacted] opportunity [redacted] the buy-out [redacted] after the [redacted] decided to concentrate on its core activities.

Amberley slides to £75,000

Taxable profits at Amberley Group, [redacted] USM-quoted company [redacted] in building pres[redacted] services, fell [redacted] £133,000 to £75,000 in the six months to September 30.

Mr Dennis Buchley, chairman, said the results were "adversely affected" by lower interest receivable than last time.

He also ascribed the downturn to the fact that the small increase in turnover – from £1.52m to £1.59m – was insufficient to generate gross profits [redacted] a level [redacted] make up for increased overhead costs.

Earnings fell to 0.59p (1.13p) per share.

Philip Harris up 36% to £624,000

Philip Harris Holdings, which supplies equipment and materials to the scientific, educational, industrial and medical markets, lifted pre-tax profits by 36 per cent from £459,000 to £624,000 in the six months to September [redacted]

Mr Robert Jordan, who [redacted] chairman [redacted] September's [redacted] general meeting, said: "In [redacted] with accepted practice, we have [redacted] holding [redacted] operating divisions and have adjusted [redacted] year-on-year comparisons [redacted] policy."

[redacted] gearing [redacted] per cent [redacted] per cent) [redacted] lower [redacted] rates, the interest charge [redacted] £287,000 (£411,000). Turnover [redacted] to [redacted] (£32.9m). Operating profits [redacted] the education [redacted] to £473,000 [redacted] rose [redacted] £436,000 (£298,000).

Earnings were up at 5.11p (3.95p) and the interim divi[redacted] is held [redacted] 2p.

Anglo United seeks buyer for docks arm

Anglo United, owner [redacted] the Coalite smokeless [redacted] business, is putting [redacted] Dock [redacted]pany on the market as part of its programme of disposals [redacted] non-core [redacted] to [redacted] debt.

The dock, in County Dur[redacted] adjusted profit before [redacted] interest of £1.4m in the year to end-March. Adjusted [redacted] assets at that date were £7.9m.

DC Gardner sells offshoot for £2.8m

[redacted] Gardner, the accountancy [redacted] banking training group, has greed [redacted] sell ATC Chart, its accountancy training subsidiary, to [redacted] Resources, the recruitment, advertising and public relations consultant, for [redacted] cash. ATC Chart will [redacted] inter-company [redacted] of [redacted] prior to completion.

[redacted] the [redacted] time the Gard[redacted] is [redacted] restructured [redacted] December 31. [redacted] Stephen Johnson, chairman of Coutts, [redacted] outplacement subsidiary, is [redacted] chairman. Mr Barry Topple [redacted] to become chief executive and Mr [redacted] Allsup and Mr [redacted] Nicholson have resigned.

FKI $20m US disposal

By [redacted] Fuller

FKI, [redacted] engineering [redacted] sold [redacted] poorly performing [redacted] air [redacted]tioning [redacted] for [redacted] (£11.3m) [redacted]

[redacted] will help [redacted] gearing, [redacted] 28 per [redacted] in September on net [redacted] of [redacted] Enprotech, part [redacted] C [redacted] group, is [redacted] purchaser.

The companies being sold [redacted] Stone group [redacted] in [redacted] US, Spain and the UK. Stone subsidiaries not involved in air conditioning [redacted] kept by FKI.

Fukutake expresses [redacted] continued interest in taking over Berlitz

By Emiko Terazono in Tokyo

FUKUTAKE Publishing, [redacted] Japanese correspondence [redacted] company which early last month agreed to buy a 55.6 [redacted] cent [redacted] in [redacted] International from Maxwell Communication Corporation for [redacted] (£147.2m), yesterday expressed its continued interest in Berlitz.

The Japanese [redacted] it was still interested in buying Berlitz, the language instruction company, despite [redacted] pledging of the [redacted] as collateral by Mr Ian Maxwell and Mr Kevin [redacted] for [redacted] made by a [redacted] based bank.

"Berlitz is to become an important part of [redacted] global strategy, and we have already procured [redacted] for [redacted] purchase," said [redacted] spokesman for Fukutake.

The [redacted] that it was getting [redacted] little worried [redacted] complicated [redacted] in the UK, [redacted] its [redacted] – Nikko Securities, Industrial Bank of Japan and [redacted] a [redacted] consultant agency – [redacted] taking care of [redacted]

Fukutake said [redacted] would [redacted] the [redacted] did not intend [redacted] against [redacted] or the [redacted]

Meanwhile, a spokesman [redacted] Mr Ryoichi Sasagawa, a Japa[redacted] billionaire and long-time friend of Mr Robert Maxwell, said [redacted] Sasagawa did not intend [redacted] purchase any [redacted] of the Maxwell and Mirror groups, and had not been con[redacted] by the [redacted] Maxwell Group for [redacted] aid.

[redacted] The big four brokers – Nomura, Daiwa, [redacted] and [redacted] – have been receiving complaints from unhappy Japanese investors [redacted] bought Maxwell Communication Corporation shares through [redacted] public offering in December 1989.

[redacted] Securities, [redacted] main underwriter of the 30m share offering, said it had received complaints for [redacted] lack of information given to [redacted] at the time [redacted] the offering, but countered it had provided all [redacted] information concerning MCC to investors.

It added [redacted] it was not [redacted] blame for [redacted] fall in [redacted] share prices, since [redacted] could [redacted] forecasted [redacted] of Mr Robert Maxwell's death. Nomura Securities said it was relaying all available informa[redacted] investors.

The stocks [redacted] marketed [redacted] retail-based clients at 232.7p per share, allowing MCC [redacted] raise Y16.2bn through the sale.

MCC had [redacted] listed on [redacted] Tokyo [redacted] Exchange, and received special permission by [redacted] ministry [redacted] finance in order [redacted] funds in Japan through a public offering.

DIVIDENDS ANNOUNCED

	Current payment	[redacted]	Corres-ponding dividend	Total [redacted]	[redacted] last year
Cont Stationery ....int	0.8	Feb 4	1.2	-	4
Graig Shipping ....int	2	-	1	-	4
Hardys & Hansons ...fin	24.1	Mar [redacted]	22.3	[redacted]	[redacted]
Harris (Philip) ....int	2	[redacted]	2	-	[redacted]
Lovell (YJ) ....fin	nil	-	6.75	2.2†	[redacted]
Mosaic Invs ....int	3.75	Apr [redacted]	3.5	-	[redacted]
NMC Group ....int	1.25	Jan [redacted]	1.25	-	[redacted]
Prospect Inds ....fin	0.3†	-	0.1	0.4	0.2
Utd Industries ....int	nil	-	0.5	-	1
Worthington ....int	0.3	[redacted] 27	nil	-	[redacted]

Dividends [redacted] net except [redacted] *Equivalent [redacted] allowing for scrip issue. †On capital [redacted] rights [redacted] acquisition [redacted] §USM [redacted]

Ivory & Sime investment companies to merge

By Philip Coggan, Personal Finance Editor

[redacted] BOARDS [redacted] First Charlotte [redacted] and Clydesdale [redacted] Trust, [redacted] investment [redacted] managed by Ivory & Sime, [redacted] recommending a merger.

The merged trust would be renamed I&S UK Smaller Companies Trust and will have pro forma combined net assets of £20.3m.

Clydesdale shareholders will be [redacted] First Charlotte ordi[redacted] shares on a basis that merges the companies at their respective formula asset values (FAV), plus one First Charlotte warrant for very five ordinary shares allotted. The FAVS will be determined on the day the offer goes unconditional.

The directors [redacted] Charlotte [redacted] that the merger would achieve an [redacted] in the spread [redacted] investments and in [redacted] Beresford, director of Clydesdale [redacted] that "share[redacted] who accept [redacted] will [redacted] the opportunity [redacted] a similar invest[redacted] in a larger company."

Ivory [redacted] took [redacted] management [redacted] Clydesdale [redacted] this [redacted] when [redacted] acquired Argosy [redacted] Management, [redacted] previously managed [redacted] Officers' pension fund. Letters of intention [redacted] accept the [redacted] received from holders [redacted] per [redacted] Clydes[redacted]

Astra suffers higher losses of £3.5m midway

By Jane Fuller

ASTRA Holdings, the munitions company which [illegible] being investigated by the Department [illegible] Trade and Industry, suffered an increased pre-tax loss of £3.5m in the six months [illegible] September 30.

This was about £1m worse than the first half of last year, although the main difference was the [illegible] exceptional [illegible] of renegotiating a £50m multi-currency credit facility.

[illegible] the operating level the group, which was brought low by its purchase of BMARC in the UK and by an abortive Belgian deal, made £63,000 profit compared with [illegible] £257,000 [illegible] This [illegible] achieved with the help [illegible] £178,000 currency gain.

However, [illegible] turnround [illegible] dwarfed by interest [illegible] which continued to run at more than £3m [illegible] six-month period.

Mr Roy [illegible] doctor who [illegible] chaired [illegible] March [illegible] year, said [illegible] borrowings [illegible] the year-end level [illegible] £44m. The group was surviving because it was "paying its interest and the alternative would be very unpleasant for the banks", which are led by the Bank of Boston and include Midland Bank and Hill Samuel.

The £50m facility has been extended until June 1992. Talks are continuing on how to restructure the debt, with an equity swap as one of the possibilities, which would effectively make the [illegible] the owners. [illegible] yesterday's share price of 4p, the group's market value is £3.6m.

The strain [illegible] keeping up interest payments has cut off funds [illegible] product development and capital spending.

Astra's first-half turnover fell from £44.3m to £40.4m, with [illegible] contribution [illegible] cent [illegible] £6.4m. Although it [illegible] loss, Mr Barber [illegible] the damage [illegible] limited by £4m of annual savings achieved since March 1990. Since September, its [illegible] had picked up.

The profitable US subsidiaries had continued to improve their performance in spite of [illegible] deliveries.

The loss per share was 3.9p (2.1p). There [illegible] again no interim dividend.

NMC maintains interim despite profit fall [illegible] £2.3m

NMC GROUP, [illegible] packaging [illegible] UPC, [illegible] US [illegible] manufacturer, [illegible] interim [illegible] 1.25p despite sharply reduced pre-tax profits [illegible]

Pre-tax profits for [illegible] months [illegible] September 30 [illegible] down to £2.29m against £4.01m [illegible] time, when [illegible] figure included [illegible] profits on property activities [illegible] discontinued.

"We have [illegible] the recessionary conditions [illegible] both [illegible] Atlantic," said [illegible] Norman Gordon, chief executive. The group's half-year performance was "disappointing", he said, and [illegible] hoping [illegible] better prof[illegible] next year.

"But these are difficult times for [illegible] business [illegible] to the consumer [illegible] ours."

Turnover [illegible] down from £59.6m to £43.5m, with the fall [illegible] partly accounted for by lower US sales owing to [illegible] and [illegible] dollar. [illegible] in [illegible] November have, however, [illegible] "encouraging", [illegible] Mr [illegible]

In [illegible] UK, costs have been cut, "but [illegible] marked improvement [illegible] profitability is [illegible] year," he added.

The lower added value items in [illegible] particularly hard hit by [illegible] price competition.

"The problem [illegible] being addressed by significantly cutting [illegible] with [illegible] lower [illegible] value products," said Mr [illegible] well [illegible] the road in tackling [illegible] problems but [illegible] unlikely [illegible] this will result in any signifi[illegible] benefit in the current financial year."

Earnings per share came out at 2.7p (4.74p) fully [illegible] There [illegible] an extraordinary [illegible] £650,000 representing the provision for costs of the [illegible] bid for the API Group. This is compared with an £11.1m credit last [illegible]

Hobson halves [illegible] to £42,000

USM-quoted [illegible] its pre-tax [illegible] in [illegible] September 30, from [illegible] to £42,000.

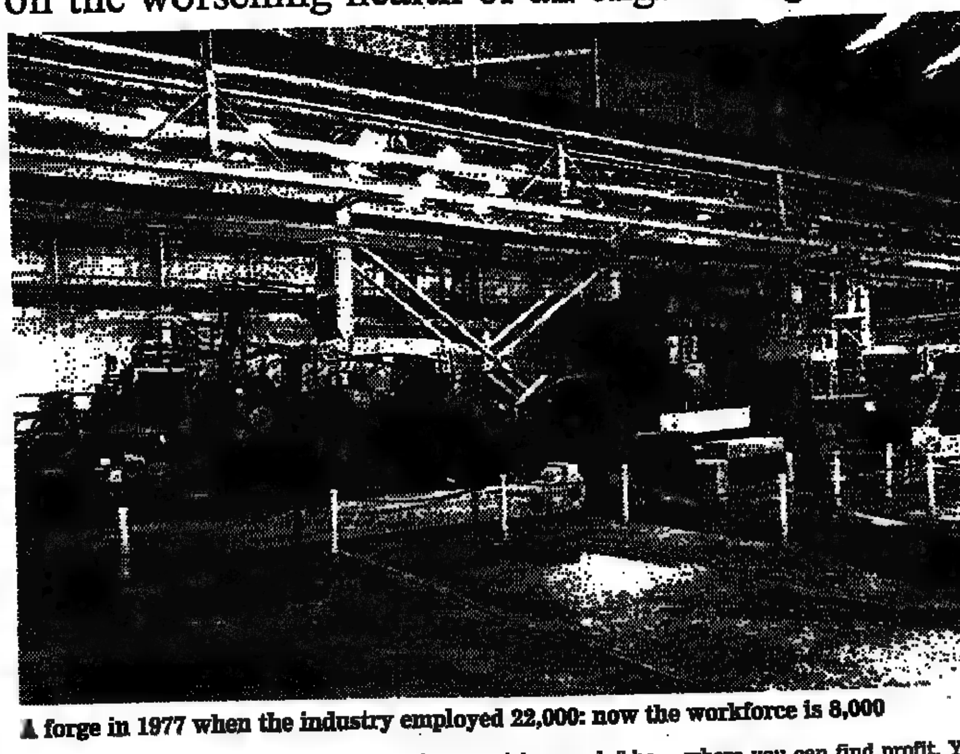
Mr Richard Thompson, [illegible] said [illegible] the difficult trading [illegible] ued to undermine the progress at [illegible]

Commodity trading had [illegible] a solid contribution [illegible] the improvement in the results, Mr Thompson [illegible] and Sharpstow International Homecare Products [illegible] resumed [illegible] to customers in the [illegible] Gulf, [illegible] ing the [illegible]

Group [illegible] rose to £2.38m (£1.26m) and the operating loss was reduced to £60,000 (£167,000). Interest receivable fell [illegible] (£78,000). Losses per share were 0.1p (0.22p).

Forging: hardly a licence to print money

Paul Cheeseright on the worsening health of an engineering sector



A forge in 1977 when the industry employed 22,000: now the workforce is 8,000

THE FORGING industry, touchstone of UK engineering, is suffering as its main customers in the automotive and aerospace sectors wrestle with recession. The downturn in British forging output, strikingly evident since last year, shows little sign of relenting.

"This year we'll be lucky to get 200,000 tonnes," said Mr David Powis, director general of the British Forging Industry Association (BFIA). In 1990, production of steel forgings was 230,291 tonnes, 15 per [illegible] down on [illegible] which, retrospectively, marked the industry's zenith after the 1980s recession.

Lower volumes [illegible] forcing another round of restructuring in the industry, although not necessarily on the same scale as during the 1980s recession and its aftermath. But then there is much less industry to restructure.

"When we came into the recession in 1989-90, [illegible] was nothing like the over-capacity there was in [illegible] people were in a lot [illegible] shape," noted Mr Graham Mackenzie, [illegible] executive [illegible] United Engineering [illegible] (UES), the dominant force in the UK industry, controlled by British Steel and GKN.

"That said, there has been quite a considerable reduction in employment. We've borne our fair share of that as volumes [illegible] dropped. [illegible] certain – [illegible] productivity and new [illegible] – that the [illegible] won't come back," Mr Mackenzie added.

Indeed, [illegible] combination of automation and contraction [illegible] reduced [illegible] industry's employment roll [illegible] from 22,000 in the [illegible] Production tonnage is now less than half that before the 1980s recession.

About [illegible] per [illegible] production [illegible] from the forging division [illegible] UES. The [illegible] spread widely, split between companies which are part of larger quoted groups like Johnson & Firth Brown, Hawker Siddeley and Williams Holdings, and a host of independent private companies. Mr Powis puts the total size of the sector at "between 60 and 70 companies of any significance."

With varying degrees [illegible] sophistication, [illegible] nies use hot or cold processes to shape the steel, the most commonly used raw material. The shape [illegible] a product is defined by a die. Either a hammer beats or a press squeezes the steel into [illegible] die. "The hammer is cheaper and more versatile; for mass production the [illegible] quicker," [illegible] Mr Don Parkes, managing director of Epag International, the Walsall forging company.

Axle beams and hubs, crankshafts, connecting rods, spindles, gears, pipe fittings, scaffolding fittings, blades and engine casings all come out of the forging industry. Around 60 per cent of the steel forgings [illegible] automotive sector. [illegible] per [illegible] of the industry's output [illegible] aerospace sector. And these two sectors currently are at best sluggish, at worst sick.

Contending with these weak[illegible] UK [illegible] companies [illegible] having to [illegible] terms with their own history. "I think [illegible] far [illegible] much conservatism in the industry. [illegible] due [illegible] fact [illegible] the equipment [illegible] long [illegible] A hammer can [illegible] for [illegible] years [illegible] they're costly to buy new," said Mr Parkes.

Continental forging compa[illegible] generally [illegible] equipped than their British competitors, according to Mr Bob Jones, [illegible] partner [illegible] Mr [illegible] Epag and director [illegible] operations [illegible] Bromsgrove Industries, an engineering conglomerate [illegible] inter[illegible] "The return on capital plant in the British forging industry [illegible] 10 years and, for most of the groups, the return is not quick enough," he [illegible]

Although companies [illegible] UES invested heavily in [illegible] second half [illegible] more generally investment in primary equipment throughout the rest of the industry seems to have been small. The BFIA keeps no statistics on capital expenditure but Mr Powis observed that, "there has been quite [illegible] lot of investment in ancillary equipment – fur[illegible] dieshops, tooling. You [illegible] that [illegible] than buying [illegible] new press," he said.

This points [illegible] forging [illegible] not [illegible] industry [illegible] has [illegible] any extensive technological advance in the basic process. "It's the bits round the edge which change – there's still a big thump at the press which does the job," commented Mr Mackenzie.

He noted two specific thrusts in the changes which are taking place: first, the introduction of computer numerically controlled die-making, and, second, innovation in the handling of the steel and in dedicated facilities: that is, a production [illegible] dedicated to [illegible] particular product.

The first [illegible] some [illegible] a question of cost-cutting, the second a matter of producing [illegible] product. Mr Jones noted that, among competing for[illegible] companies, material and labour costs are basically the [illegible] "So you have [illegible] look [illegible] where you can find profit. You can only look in [illegible] and [illegible] toolroom." [illegible] savings come when [illegible] are made in a shorter time and when their quality is better.

He observed [illegible] the [illegible] man forging companies had been quicker than the British in installing dedicated facilities. Specialisation tends to lead to higher quality and higher volumes, a significant [illegible] when car-makers, [illegible] example, [illegible] consolidating among [illegible] and hence using more common parts, while at the same time reducing the number of their suppliers.

Such changes in the structure of the industries served by the forging companies, combined with the weight of recession, will affect significantly the shape of the British forging industry. Its future depends on its competitiveness on a European, rather than a national, scale.

Mr Mackenzie predicts rationalisation into a smaller number of better invested companies. Many smaller family businesses will fall by the wayside, while medium-sized companies will be prone to takeover. He believes two types of company will emerge: what he calls "deep niche players" making a small range of specialised products and companies "with linkages back to the steelmakers", like Krupp in Germany and, indeed, his own forging division at UES.

Greig Middleton launches new investment trust

By Norma Cohen, Investments Correspondent

GREIG Middleton [illegible] Co [illegible] it is [illegible] a new investment trust which will, in turn, invest in [illegible] preference shares as well as in the high-yielding income shares of other split capital investment trusts.

The new trust, Exeter Preferred Capital Investment Trust, will raise £40m in early January by selling a combination of zero-coupon debentures and ordinary shares. The trust will have [illegible] windup date in 1992 and the debentures will be priced to offer a gross redemption yield of about 1.25 per cent above 10-year UK gove[illegible] gilts.

[illegible] Middleton said that [illegible]hile the debenture holders have a prior charge on assets of the trust, the implied yield on the [illegible] is [illegible] than [illegible] is expected [illegible] be [illegible] the [illegible]ying investments. These [illegible] the income shares of other investment [illegible] which, while not entitled to [illegible] in any capital [illegible] their underlying investments, accrue all [illegible] dividend income.

Exeter's underlying investments will be managed by [illegible] Middleton and Ian Henderson [illegible] also manage the [illegible] Dartmoor [illegible]ent Trust. Greig Middleton said its Dartmoor fund was among the top three performers among split-capital investment trusts in 1991.

Investors [illegible] purchase [illegible] during the initial [illegible] period will be entitled to place [illegible] to £6,000 in a Personal Equity Plan.

Series of classification changes to the London Share Service

A SERIES [illegible] the [illegible] companies listed on the London Stock Exchange [illegible] made at [illegible] last quarterly meeting of the FT-Actuaries Indices [illegible]tion Sub-Committ[illegible].

[illegible] a result, the following [illegible] will be moved to new categories in the London Share [illegible] with [illegible] January 2 1992:

[illegible] Other Industrial [illegible] (FT-A [illegible] 10) from Other Financial (FT-A sector 70); [illegible] Group [illegible] Building Materials [illegible] from Oil [illegible] (51); Barry Wehmiller International to Engineering, General (7) from Other Industrial [illegible] (10); Beta Global Emerging Markets Investment Trust [illegible] ment Trusts (71) from Other Financial (70); Blick [illegible] tronics [illegible] from Electricals [illegible] Booth Industries [illegible] Engineering, General (7) from Contracting & Construction (3); Chieftain to Building Materials (2) from Business Services (41); [illegible] Merchant Banks [illegible] from Other Financial [illegible] Conroy Petroleum to Oil & [illegible] (51) from Other Industrial [illegible] (10); Crown Eyeglass to Health [illegible] Household [illegible] from Stores (34); Euromoney Publications to Media (30) from Packaging, Paper & Printing (31); Geared Income Investment Trust to Investment Trusts (71) from Other Financial (70); Grosvenor Development Capital to Investment [illegible] (71) from Other Financial (7[illegible]; Haemocell [illegible] Health & Household (27) from Miscellaneous [illegible] James Halstead to Chemicals (42) from Textiles [illegible] Hawthorn [illegible] Telephone Net[illegible] from [illegible] (41); Helene [illegible] Textiles [illegible] High Point [illegible] Property [illegible] from Media (30); Huntleigh Technology [illegible] Health & Household (27) from Miscellaneous [illegible] Lionheart [illegible] Miscellaneous [illegible] from Conglomerates [illegible] London [illegible] Investment Trust [illegible] Property (69) from Other Financial (70); Mezzanine Capital [illegible] Income to Investment Trusts (71) from Other Financial (70); Newmarket [illegible] Capital [illegible] Investment Trusts (71) from [illegible] Financial [illegible] Michael [illegible] (41) from Media [illegible] Plasmec [illegible] Engineering, General (7) from Miscellaneous [illegible] Platon International to Engineering, General (7) from Other Industrial Materials (10); Ralston Investment Trust to Investment Trusts (71) from Other Financial [illegible] to Busi[illegible] (41) from Miscellaneous [illegible] Severfield-Reeve to Contracting [illegible] Construction [illegible] from [illegible] & Metal Forming [illegible] Sumit [illegible] Investment Trusts (71) from [illegible] Financial (70); Tex [illegible] Other Industrial Materials (10) from Engineering, General (7); Total Systems [illegible] Miscellaneous [illegible] from [illegible] & Metal Forming [illegible] Turkey [illegible] Investment [illegible] (71) from [illegible] Financial [illegible] Waverley Mining Finance [illegible] Investment Trusts (71) from Other Financial (70).

Also with effect from January 2 1992, the Investment Trusts category will be divided into two sections, consisting of investment trusts authorised by the Inland Revenue under Section 842, and those which have not been so authorised.

For investment trusts in which there is a consistently satisfactory volume of dealings through the London Stock Exchange, the FT will show net asset value per share and the discount or premium of the current share price to NAV per share. Details of all other investment trusts and similar closed-ended funds will continue to appear under Other Financials.

With effect from January 2 1991, secondary lines of stock will be included in the FT-Actuaries Equity Indices provided that the secondary line has a free float of at least 25 per cent, accounts for at least 20 per cent of the nominal capital of the company, is quoted on SEAQ and that the equivalent capitalisation of the secondary line is greater than £40m - the current "casualty" level of the FT-A.

Where these screens elminate a secondary line, the weighting of the primary line will continue to be adjusted [illegible] reflect the secondary line.

Secondary [illegible] to be included separately in the FT-A Equity Indices on January 2 are Daily Mail and General Trust Ordinary; Gestetner Holdings Capital; Hammerson Property Ordinary; John Laing Ordinary; London Merchant Securities Deferred Ordinary; Paterson Zochonis Ordinary.

[illegible] MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables

TODAY

Interims- Baileys, Border TV, Brasway, Bromsgrove Inds., Clayhithe, Elsburg Gold, Faupel Trading, Gold Greenlees Trott, Halma, Melville St. Inv., Southern Electric, Trimoco, Western Areas Gold, Witwatersrand.

Finals- Berisford Intl, GWR, Greencore, Lee (Arthur), Randfon[illegible], Sanderson Electn., Yorkshire TV.

FUTURE DATES

Interims-	
Danae Inv. Trust	Dec. 19
Jones Stroud	Jan. 9
Finals-	
Abbey Panels Inv.	Dec. 19
Bett Bros	Dec. 20
Dewhurst	Jan. 9
Eurocopy	Jan. 7
Gestetner	Dec. 18
LPA Inds	Jan. 17
Scottish American Inv.	Feb. 7
Western Selection	Dec. 18

Belgian shipowner can be sued in UK

UNION TRANSPORT PLC
v
CONTINENTAL LINES SA AND OTHERS
House of Lords
(Lord Keith of Kinkel, Lord Ackner, Lord Goff of Chieveley, Lord Jauncey of Tullichettle and Lord Lowry):
December 12 1991

SHIPOWNERS domiciled in a country subject to the 1968 Brussels Convention may be sued by charterers in the UK for failure to nominate a vessel in London and to provide it elsewhere, in that the UK is the place of performance of the principal of the two disputed obligations, namely the obligation to nominate without which the charter process cannot begin, and jurisdiction once founded on that primary obligation includes accessory obligations.

The House of Lords so held when dismissing an appeal by the defendant shipowners, Continental Lines SA and others, from a Court of Appeal decision that the English court had jurisdiction to hear a claim by the plaintiff charterers, Union Transport plc.

LORD GOFF said that the shipowners were domiciled in Belgium.

The charterers claimed that in December 1988 a fixture was concluded for a voyage charter of a vessel to be nominated by the shipowners, for carriage of a cargo of telegraph poles from Fernandina in Florida to Chalna in Bangladesh.

It provided "vessel to be nominated ... suitable to load telegraph poles .... 14 days' Laycan with [illegible] days' definite arrival notice".

The charterers contended [illegible] the fixture incorporated the terms of a previous charterparty between the parties, which included a provision requiring payment of commission in London, a London general average clause, and a London arbitration clause.

It was the charterers' case that the resulting charter was expressly or impliedly governed by English law.

A dispute arose in January 1989 as a result of which the shipowners intimated they were no longer interested in lifting the cargo.

In February 1989 the charterers began arbitration proceedings in London claiming damages on the ground that the shipowners had failed to nominate a vessel.

The shipowners appointed an [illegible] without prejudice to their contention that there [illegible] no concluded contract.

When an issue arose as to the existence of a charterparty containing a London arbitration clause, the party claiming there was such a charterparty would usually commence proceedings in London for a declaration to that effect.

Being domiciled in Belgium, the shipowners invoked article 2 of the Jurisdiction and Judgments Convention 1968 (the Brussels Convention), which provided that, subject to Convention provisions, [illegible] domiciled in [illegible] contracting [illegible] should be [illegible] in the courts [illegible]

Article 1 provided that the Convention [illegible] not [illegible]pply to arbitration. But the dispute [illegible] under the shadow [illegible] litigation in [illegible] buyers commenced [illegible] in London relying on [illegible] London arbitration clause, and sellers, disputing incorporation [illegible] the clause, [illegible] proceed[illegible] in Italy. Mr Justice Hirst held [illegible] did not apply. [illegible] Court [illegible] Appeal referred the [illegible] European Court [illegible]

Faced wi[illegible] that situation, the [illegible] fresh proceedings in the Commercial Court, claiming damages [illegible] breach [illegible] party.

They relied on [illegible] 5(1) [illegible] Convention, which provided that [illegible] person domiciled in [illegible] contracting [illegible] might be [illegible] "(1) in [illegible] relating to a contract, in [illegible] the place of performance [illegible] obligation in question".

The [illegible] contended that the place for performance of the obligation to nominate a vessel was London, and therefore, under article 5(1), the shipowners could be sued in the UK.

In *Marc Rich (FT, October 16 1991)*the European Court held that arbitration in its entirety was excluded from the [illegible]nvention, including proceedings before national courts, even if the existence or validity of an arbitration agreement was a preliminary issue in those proceedings.

In the Commercial Court, the charterers claimed damages from the shipowners on the grounds that, in breach of contract, they failed to nominate or to provide a vessel.

The shipowners argued that since the obligation to provide a vessel was not to be performed in England, the charterers could not found jurisdiction under article 5(1).

They therefore applied to set aside the writ and service. Mr Justice Evans dismissed the application. The Court of Appeal dismissed the shipowners' appeal. They now appealed from that decision.

Section 3(1) of the Civil Jurisdiction and Judgments Act 1982 provided that any question as to the meaning and effect of the Convention should be determined in accordance with principles laid down by the European Court.

Applying such principles, in particular *Shenevai v Kreischer [1987] ECR 239*, Mr Justice Evans and the Court of Appeal concluded that the obligation in question was the obligation to nominate a vessel, and that (as was no longer in dispute) the place for performance of that obligation was in London. Accordingly the English courts had jurisdiction under article 5(1).

That conclusion was correct.

In *De Bloos [1976] ECR 1497* the European Court held that "obligation" in article 5(1) referred to the contractual obligation forming the basis of the legal proceedings

It followed that regard must be had to the contractual obligation under consideration, and not to the contract as a whole.

In *Ivenel v Schwab (case 133/81)* which was concerned with employment, the court rejected the *De Bloos* test as inapplicable in the case of employment contracts.

Ivenel was later recognised by the Rome Convention as a specific exception. Subsequent authority confirmed that it should be read as restricted to contracts of employment, and not regarded as of general application.

In *Shenevai* the Court explained [illegible] of employment differed from other contracts by virtue of certain particularities, on account of which the court of the place in which the characteristic obligation was to be performed was best suited to resolving disputes.

The Court said when those particularities did not exist, the variety and multiplicity of contracts as a whole were such that the criterion might create uncertainty as to jurisdiction.

It said there was no uncertainty if regard was had solely to the contractual obligation whose performance was sought in the judicial proceedings, and that: [illegible] various obligations are [illegible] it will be the principal obligation which will determine jurisdiction."

In the present case the courts below concluded that of the two obligations pleaded, the principal one was the obligation to nominate a vessel.

Mr Justice Evans said the charterparty, which called for tonnage to be nominated, did not identify the vessel and was fundamentally different from a charterparty with a named vessel – the process could not begin until the vessel was nominated, and nomination was necessary to identify the vessel.

He said the principal obligation was failure to nominate, and jurisdiction was therefore established, and it followed that the jurisdiction included other accessory obligations.

A charter which called for tonnage to be nominated – a t.b.n. charter – was for present purposes quite different from charter of a named vessel.

Nomination of a vessel under such [illegible] contract was not a mere naming of a vessel. It was rather the identification of the subject matter of the contract, with the effect that the name of the vessel, once nominated, became written into the contract.

Furthermore, nomination triggered certain other obligations under the contract, notably obligations on the charterers to keep the shipowners informed of the nominated ves[illegible] position, and [illegible] give advance notice of her arrival at loading port.

The question was whether on *Shenevai* principles, nomination of the vessel, or causing the vessel once nominated to proceed to loading port, was to be regarded as the principal obligation.

For the reasons given by Mr Justice Evans it was the former.

The appeal was dismissed.

Their Lordships agreed.

For the shipowners: Nicholas Forwood QC and Peregrine [illegible]imon QC (Holman Fenwick & Willan)

For the charterers: V.V. Veeder QC and Joseph Smouha (Waltons & Morse)

[illegible]In *Deutsche Bank v Ibrahim* (FT, December 13), although the judgment initially indicated that the counterclaim was allowed, the question of delivery up [illegible] the leases has been listed for full argument on December 18.

Rachel Davies
Barrister

GPG more

Manders expand side via £5.7m

FINANCIAL TI

S.C.I.S.

Société ANATOMI

هكذا من الأصل

GPG more than doubles to £11m

By Vanessa Houlder, Property Correspondent

GPG, the investment company run by Sir Ron Brierley, the New Zealand entrepreneur, more than doubled its pre-tax profits from £4.7m [redacted] £10.8m in the year to September 30.

This is the first set of annual results after the formation of the company from a rump of the Guinness Peat financial [redacted] group. GPG, which started as a shell company with $115m in cash a year [redacted] now holds 25 stocks.

Sir Ron said [redacted] had been a good one. "The figures in this year's report are in sharp contrast to the trail of misfortune to which [redacted] ers became accustomed in recent times," he said.

However, he complained that "one remaining unsatisfactory aspect" was the continued suspension of GPG's shares on the London Stock Exchange. The shares, which are listed in New Zealand, were suspended in London a year ago because the [redacted] merely a cash shell.

"This [the suspension] [redacted] quite inappropriate and inconsistent with the company's economic revival and we are making efforts to resolve [redacted] matter as soon as possible," said Sir Ron.

The bulk of the profits came from interest income from bank deposits of £5.3m. The company also benefited from [redacted] non-recurring profit of £5.7m from the disposal Oregon-based Management Compensation Group. Provisions against debtors totalled £3.4m. Sales increased by 11.2 per cent to £1.89m (£1.7m).

Sir Ron said that six of the stocks offered "good prospects for [redacted] participation in [redacted] *foreseeable future*".

Since the [redacted] sheet date, GPG has increased its holding in Tyndall Australia, a fund management [redacted] life insurance group, to [redacted] level where it is expected to become a subsidiary. The company has a current offer for ASC, a small Sydney-based investment company.

During the year, GPG repaid £33m [redacted] shareholders, which [redacted] than halved [redacted] opening balance of shareholders' funds of £61m. After adjusting for the capital repayment, net tangible asset backing [redacted] share increased *by 38.2 per cent* [redacted] *12.21p* (8.84p).

Earnings per share increased from 1.49p [redacted] 3.38p. [redacted] dividend was declared.

Dunn buy boosts Prospect to £3.53m

IN THE year to September 30 – one of "great transition" – *Prospect Industries, the Hull*-based engineering group, saw pre-tax profits vault from £478,000 to £3.53m.

Mr Philip Wilbraham, chairman, said that with the May acquisition for £14.25m of Dunn International, the engineering services company, "Prospect has changed from a modest component manufacturer into a major project manager for [redacted] power generating industry." Tu[redacted] leapt to £30m (£6.25m).

The [redacted] incorporate four months' trading from Dunn as well as a full year from Ipswich Electronics, now the group's second largest business. After "a concerted [redacted] on working capital throughout the group", gearing stood at 36 per cent at the year-end, against the 200 per cent at the time of the Dunn acquisition.

Dunn made pre-tax profits of £3.26m on turnover of £20.8m in its four months, while the components businesses made £262,000 on turnover [redacted] £9.13m.

Earnings [redacted] 2.68p (0.59p) per share and the final dividend of 0.3p (0.1p) lifts the total to 0.4p.

Walker loses appeal against plans to oust him from board

MR GEORGE WALKER, the deposed head of Brent Walker, yesterday failed in a renewed court attempt to halt plans for his removal from the leisure group's board.

Mr Walker, who has already been removed as chairman and chief executive, had sought an injunction banning eight banks involved in re-financing plans for the group from moving resolutions to oust him as [redacted] non-executive director at an extraordinary general meeting [redacted] Thursday.

However the Court of Appeal ruled in effect that, having now accepted his removal as chief executive by Brent Walker, and issued a writ for damages against the company, Mr Walker had no right to apply for a court order to stop his removal from the board.

The banks have made it clear that restructuring finance will not be made available if he remains as a director.

Mr Walker is said to have *subscribed* £2.2m of his own resources to the re-financing plan. Jasaro SA, [redacted] Walker family trust said to have subscribed £27m through a loan from Standard Chartered Bank, joined him in his move for an injunction.

Lord Justice Stocker pointed out that Mr Walker and Jasaro would be far worse off if the injunction were granted "because the banks will withdraw their support and Brent W[redacted] will inevitably collapse."

Last July, on the eve of a meeting at which the [redacted] call for his removal, Mr Walker was refused a High Court order banning them from doing so.

In the event the banks were unable to get their resolutions carried at the meeting and Mr Walker has remained on the board.

His appeal against the High Court's refusal to grant an injunction was launched when the banks renewed their move to end his directorship.

The banks involved are Standard Chartered, Lloyds, Hill Samuel, Caisse Nationale de Credit Agricole, Bank of Yokohama, Svenska Handelsbanken, Arab Banking Corporation and TSB.

Mr Walker and Jasaro were refused leave to appeal to the *House of Lords against* yesterday's ruling, although they may seek an emergency sitting of the law lords before Thursday.

Manders expands paint side via £5.7m purchase

By Paul Cheeseright, Midlands Correspondent

MANDERS (Holdings), the Wolverhampton-based paints, inks, decorative products and property group, is taking over [redacted] Paints of Bingley, West Yorkshire, for [redacted]

"The move takes us into the own-brand business for retail multiples," [redacted] Mr *Roger* Akers, the Manders chief executive.

Payment for the acquisition is by the issue to Windeck of [redacted] new Manders [redacted] Kleinwort Benson [redacted] agreed to find buyers for the shares or to buy them itself at a price of 180p a share, a discount of 9p on the Manders market price [redacted] before the announcement.

In its last audited accounts Windeck [redacted] profits before tax and interest of £0.5m on a turnover of £8.3m during the *nine months to* [redacted] *1990.* [redacted] tangible assets are valued [redacted] £2.2m.

The company specialises [redacted] manufacture of [redacted] paints, sold by retail multiples under their own labels.

Mosaic lifts interim despite static profits

MOSAIC Investments, the Birmingham-based industrial holding group, is increasing its interim dividend despite posting static pre-tax profits, writes Paul Cheeseright.

The group, which has sought to make diversity [redacted] virtue through the development of a *portfolio of subsidiaries active* in specialised markets ranging from [redacted] security [redacted] through spirit [redacted] to the character licensing of [redacted] Mutant Hero Turtles, yesterday announced pre-tax profits for the six months to October of £3.24m. This compared with £3.35m in the same period of 1990.

Earnings per share for the [redacted] first half slipped [redacted] 12.8p against 14.05p. The interim [redacted] has been set at 3.75p against 3.5p at [redacted] time last year and [redacted] full payment for [redacted] of 9.25p.

During the [redacted] half, [redacted] group's turnover rose by 27 per cent to [redacted] (£20.33m). The rise [redacted] spread [redacted] group's four divisions.

BTR Australian minorities valuation

By Mark Westfield in Sydney

THE Australian Securities Commission (ASC) [redacted] appointed an independent [redacted] value the minority shares in two Australian companies acquired by BTR [redacted] a result of its £1.55bn takeover of Hawker Siddeley.

Hawker owns 85 per cent of Westinghouse Brake & Signal [redacted] per cent of aircraft parts maker Hawker de Havilland, which have fallen under the control of BTR since [redacted] reached 70 per cent acceptance from shareholders of the UK parent late last month.

BTR has already appointed to the Westinghouse board two directors, Mr Alan Jackson, BTR's chief executive, and Mr Graeme Pearson, managing director of BTR Nylex, another BTR Australian subsidiary.

[redacted] had earlier retained Lloyds Corporate Advisory Services to advise the board on the position of minorities.

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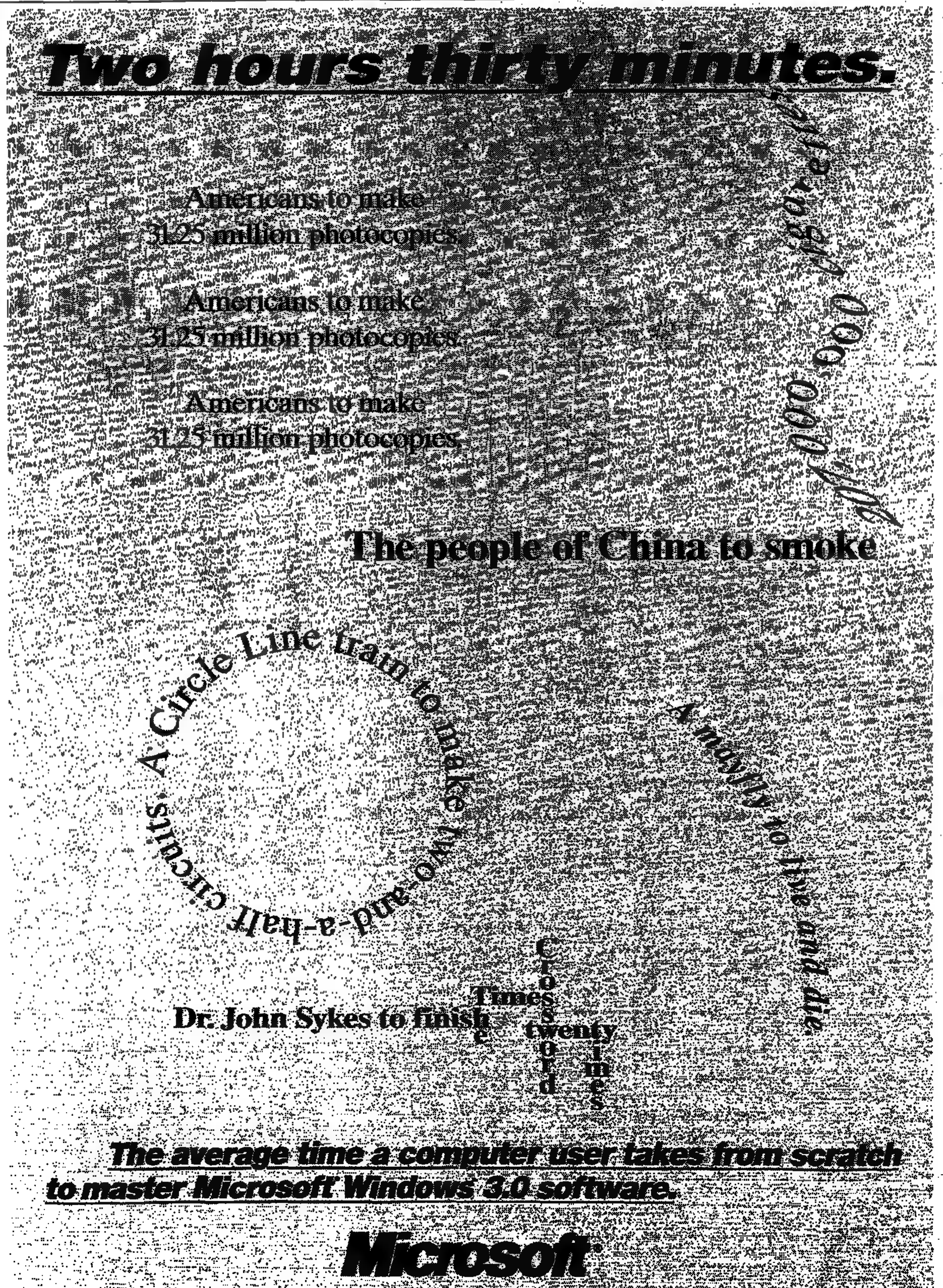

A case of look before you leap

Chris Tighe reports on the pitfalls of moving

Should [redacted] small company relocate? Is the upheaval too risky? Or could failing to move threaten a company's very survival?

Many [redacted], struggling with recession and the pace of change in their markets, are having to re-evaluate how and where they operate. The fierce competition for inward investment between Britain's regions, all claiming to offer first [redacted] communication, smart new business parks and executive housing, can prove more confusing than helpful. But one [redacted], Applied Holographics, grasped the relocation nettle, survived the trauma [redacted] it [redacted] transformed its prospects.

Founded in 1983, it has relo[redacted] itself operationally as [redacted] geographically: its emphasis has shifted from research [redacted] development to market-led manufacturing. Even [redacted] its [redacted] restructuring, it remains complex. [redacted] employs fewer than 150 people but has two factories and its headquarters [redacted] Washington, Tyne and Wear and hologram origination studios at Braxted Park, Essex and Oxnard, California. But relocating [redacted] taught the company [redacted] lessons.

PLAN AHEAD - IF YOU CAN

Applied Holographics was set [redacted] by four [redacted] entrepreneurs [redacted] £840,000 venture capital backing, [redacted] research, develop [redacted] build a system for mass reproduction of holograms. The need for a vibration-free environment for holographic origination ruled out conventional [redacted] estates. Instead [redacted] found premises in [redacted] block [redacted] Braxted Park, a country estate in Essex.

In 1984, [redacted] business [redacted] floated on the Unlisted Securities Market and [redacted] following year, [redacted] raised £2.4m in a rights issue. By now, its focus had shifted [redacted] the commercial application of holograms and, keen [redacted] move into hot stamping foil technology, it formed Transfer All Purpose Foils, a joint venture with an American [redacted]. Looking for [redacted] manufacturing location with good communication, grant aid and [redacted] available workforce with engineering skills, TAPF chose Washington [redacted] Town.

In 1987, Applied Holographics raised a further £8.7m gross from a rights issue to buy out its partner in TAPF and move into the fast expanding market for embossed holograms on credit cards and other security devices.

The limitations of its stable block base now became evident; there [redacted] no prospect that it could meet the security clearance requirements vital to obtain bank contracts. So, impressed with its experience [redacted] Washington New Town, Applied Holographics – [redacted] company which put [redacted] holograms on cheque guarantee cards – chose the [redacted] in [redacted] its security bureau, [redacted] factory producing holograms for anti-counterfeiting uses.

FACE UP TO PROBLEMS

Applied Holographics now had two manufacturing plants on Wearside and its headquarters, administration, [redacted] departments in [redacted]. This structure did not work.

"People were constantly [redacted] the move backwards and forwards," says technical director Hamish Shearer, the only founder still with the business.

"For [redacted] the technology was [redacted] new and development had to be exceptionally fast, it just wasn't [redacted] tenable situation."

Neil Smart, then finance director, [redacted]: "[redacted] were almost building a middle tier [redacted] management [redacted] nothing [redacted] between management and the production plants". In late 1989, the board voted to relo[redacted] headquarters functions [redacted] Washington.

The company also decided [redacted] future lay in embossed holography and withdrew from film-based [redacted] holography, at [redacted] cost of £1.14m. This increased its total loss for the [redacted] financial [redacted] £3.76m. In order to concentrate on holographic products for security and packaging uses, it also sold its Hampshire-based retail supply division.

KEY PEOPLE MAY QUIT

The relocation vote was unanimous. But only one member of the board, Shearer, has since agreed [redacted] move. The then-chairman resigned, the sales director [redacted] stayed in the south and the managing director, finance director and marketing manager all left the company.

The decision [redacted] relocate brought out underlying differences of perception, says David Tidmarsh, appointed [redacted] executive in the wake of the upheaval in May 1990.

For Smart, then [redacted] director, it [redacted] praisal. He quit because, at 36, he was worried about restricting his next career move if he left the [redacted]. He [redacted] now an independent business consultant.

DON'T MOVE EVERYTHING

In 1988, Applied Holographics set up [redacted] joint venture in the US but its partner, National Busi[redacted] Systems, [redacted] into [redacted] problems. Having bought out the NBS stake, [redacted] acquired [redacted] Dimensional Displays and set up [redacted] new origination centre in California.

This operation [redacted], until recently, [redacted] by patent problems but [redacted] worth sticking with it because of its technological excellence and [redacted] US market's potential. Applied Holographics' origination [redacted] in [redacted] ornia and Essex would be difficult [redacted] move; [redacted] company [redacted] happy to [redacted] they are.

DON'T FALL OUT

[redacted], [redacted] if unwilling to relocate, [redacted] in helping effect the transfer.

MOVES ARE ABOUT PEOPLE

Moving is [redacted] to key personnel; paying for house-hunting trips can transform attitudes to relocation. Remember it affects entire families; even Shearer, who says 'my personal location is totally secondary', admits the decision to move has been [redacted] one. The [redacted] schools; [redacted] wife, [redacted] example, has her own business interests in the south.

Hamish Shearer (right) and David Tidmarsh: learning lessons

A MOVE TAKES TIME

Relocation happened in 1990 but only [redacted] in Washington, [redacted] Essex. He is now moving.

Tidmarsh, formerly with the Bemrose Corporation, [redacted] to Applied Holographics by the challenge of realising its potential: his priority has been to focus it on [redacted] products [redacted] which can shift [redacted] into profit by 1993 at the latest.

The City, he says, has given the company exceptional support over many loss-making years: a £2.2m rights issue in August, to reduce bank overdrafts and provide further working capital, was fully [redacted] up with 67 [redacted] existing shareholders exercis[redacted] their rights.

In October, Applied Holographics, now negotiating major orders and confident [redacted] the future, held its annual meeting at [redacted] Newcastle hotel – just minutes by car from its factories and headquarters.

"We were too diverse before, we didn't have the manage[redacted] resources to [redacted] so many products in so many [redacted] locations," says [redacted]marsh.

"It's helped enormously [redacted] move the company here. We're very much on the right track now."

Venturing to cut out the middlemen

By Ian Hamilton Fazey

Investors in Industry (3i) believes it has found the means to plug a longstanding gap in [redacted] venture capital market.

"Core Capital" is designed to [redacted] with the [redacted] banks in lending to small, growing businesses needing up to £200,000. The scheme [redacted] launched as an experiment in north west England in July, but is to be expanded to Leicester, Cambridge and Watford.

Its [redacted] bureaucracy to speed deals and minimise fees charged by the capital provider, accountants, lawyers and expert consul[redacted] typi[redacted] amount to £25,000 per deal, making it uneconomic for companies trying to raise [redacted] of less than about £500,000.

Instead, most small busi[redacted] borrow from banks, saddling themselves with inter[redacted] charges as [redacted] for trying to expand, usually while making the business even [redacted] under-capitalised than it was before the loan.

So far, 3i has been able to keep fees below £1,500 and has completed [redacted] between two and four weeks.

Two simple forms have been [redacted] one showing a business profile [redacted] a [redacted] analysis. [redacted] about two hours to fill in. The applicant [redacted] expected [redacted] go to the expense of [redacted] detailed business plan – a [redacted] for [redacted] charge [redacted] £5,000.

"It's [redacted] off-the-shelf package using standardised forms to make comparison easy," says Phillip Goodwin, director of 3i's Manchester office.

[redacted] Young, [redacted] colleague in day-to-day charge [redacted] the scheme, [redacted] applicants to check the details. If he supports the application, the company is invited to make a presentation to a meeting at 3i in Manchester, [redacted] an on-the-spot decision is promised.

Two out of three applicants are being turned away at present, mainly because family-[redacted] businesses [redacted] merely looking to swap bank debt for equity – and thus help keep up a comfortable living for their owners – [redacted] being excluded.

"We are looking [redacted] young managers with [redacted] vision of where they want to take their businesses. This means a determination to achieve long-term growth. We are quite prepared [redacted] wait 15 years if necessary to achieve a good return," Goodwin says.

The smallest deal so far involved Bowdon Associates, [redacted] small Preston company specialising in training production managers and operators how to get [redacted] best out of computerised process control systems.

Founded in 1988, [redacted] doubled its turnover in its first two years and then grew by 300 per [redacted] next [redacted]. It [redacted] by then struggling to cope with £500,000 of sales with an overdraft of only [redacted].

Yorkshire Bank, [redacted] banker, [redacted] it [redacted] double [redacted] only if the four founders would improve the business's capital base to £50,000 from the £100 it had taken to set up the com[redacted] – [redacted] they [redacted] young and had not got the means.

Talks with [redacted] local venture [redacted]pital provider produced an offer consisting of a mixture of long-term loan, [redacted] rate preference shares and an injection of just £34, in exchange for 25 per cent of the company. The [redacted] have been about [redacted],000 a year for five [redacted] in [redacted] charges. Then [redacted] company's accountants heard [redacted] 3i's experimental [redacted].

3i has now put in £50,000 of equity funding for 10 per cent [redacted] company. It will receive a dividend [redacted] 10 per [redacted] of future profits – and nothing if the business makes none. Total professional fees were £950 for legal vetting.

Yorkshire Bank [redacted] now upped the overdraft limit and [redacted] is starting [redacted] grow.

Bowdon's managing director is Nigel Ryan, aged 33, a mechanical engineer who was [redacted]y a management consultant with Coopers [redacted] Lybrand. "It was the speed of it all that amazed me, after drawn-out negotiations with the other potential backer," he says.

The deal took four weeks to complete, the only hiccup being that Ryan got married in the middle of it and went on a week's honeymoon, delaying completion by about 10 days.

Before the new scheme started, Goodwin says that 3i would probably have offered £20,000 of equity and £30,000 of loans.

[redacted] financial instruments, paperwork and legal costs would have multiplied and the business would have had an additional interest rate burden.

The fastest deal so far has been £75,000 for [redacted] 15 per cent shareholding in Holme Farmed [redacted], which [redacted] meat to specialised caterers from a farm in Cumbria. This took two [redacted] and total fees were about £1,500.

The [redacted] to date has been £200,000 [redacted] per [redacted] of BCH Equipment, a Rochdale engineering business which needed [redacted] buy additional plant to expand.

The deal would have been completed in a week, but it took another fortnight to complete negotiations on the price of [redacted] equipment. Fees totalled £1,200.

Goodwin says that deals are now going through at the rate of one [redacted] fortnight, but he expects this to pick up to one [redacted] local network of accountants and small business [redacted] on more applicants.

Body Shop

[redacted] AN article [redacted] Management Page on [redacted] November, Anita Roddick, managing director of Body Shop should [redacted] been quoted as saying: "The Body [redacted] support for the voluntary sector is not designed to attract more trade to the shops". In [redacted] published version, [redacted] word "not" was erroneously removed.

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For further information please contact [redacted] Chaplin [redacted] address below.

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- Leasehold factory, warehouse and office accommodation on Coventry Trading Estate with good motorway links.
- Permanent UK and European showroom facilities and UK, European and USA independent sales agency network.
- UK distribution through prestigious departmental store groups and independent furniture stores.

For further details please contact The Joint Administrative Receiver, Tony Mitchell FCCA or Keith Martin ACA at Stoy Hayward, Waterloo House, 20 Waterloo Street, Birmingham B2 5TF. Tel: 021-643 4024 Fax: 021-631 [redacted]

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- freehold premises in Sheffield and Smethwick.

For further information, please contact the Joint Administrative Receivers, D.J. Stokes and M. J. Moore, Cork Gully, 1 East Parade, [redacted] S1 2ET.
Telephone 0742 730401. Fax 0742 598202.

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Cork Gully

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The Joint Administrative Receivers, N. J. Dargan and L. K. Denney, offer the business and [redacted] of the above company for sale. Features include:

- ☐ Publishing house with full production facilities.
- ☐ Titles include health and nutrition, computers [redacted] radio magazines.
- ☐ Rights to software – in excess of 100 games.
- ☐ Turnover £0.5 million.
- ☐ 6 skilled employees.
- ☐ Freehold premises 2,000 sq. ft. in Milton Keynes [redacted]

For further details [redacted] Nick Dargan [redacted] David Jones [redacted] the address below.

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Tel: 0533 543598. Fax: 0533 552055.

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South Wales Nursing Home Group

- Annualised income £1.45 million
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- [redacted] sleeping [redacted] 128
- Average occupancy rate in excess of 90%

For further information, please contact: Nigel Ferrand, Coopers & Lybrand Deloitte, Churchill House, Churchill Way, Cardiff CF1 4XQ Telephone: 0222 237000 Fax: 0222 223361

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Tel: 071-939 3000.

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[redacted] The Institute of Chartered Accountants in England [redacted]

W WOOLAWAY [redacted] LIMITED

(In Administrative Receivership)

A plant hire business with turnover in the year [redacted] 30 September [redacted] of £1.6 million.

For sale by the Joint Administrative Receivers the business and [redacted] including:

- Freehold site of 3.5 acres in [redacted] centre of Barnstaple, North Devon.
- Operated JCBs Caterpillars, etc.
- Non operated plant (self drive).
- Tool hire centre.
- Haulage and aggregate supplies.

Please [redacted]

The Joint Administrative Receivers
John Hill or Rupert Mullins
BDO Binder Hamlyn
[redacted] Old Bailey LONDON EC4M [redacted]
Telephone: 071 [redacted] 6192
Fax: 071 [redacted]

BDO BINDER HAMLYN

Chartered Accountants

Authorised by [redacted] of Chartered [redacted] in England and [redacted] carry on [redacted] business.

A [redacted] M FURNITURE HIRE LIMITED

(In [redacted] Receivership)

The Company hires furniture [redacted] props to [redacted] film, television and theatre industry.

For [redacted] by [redacted] Joint Administrative [redacted] the business [redacted] of this well [redacted] concern.

- £1.1 million [redacted] for the year [redacted] March 1991 [redacted] for [redacted] eight months [redacted] November [redacted]
- Leasehold premises comprising 90,000 sq ft of warehousing [redacted] offices located at Acton London.
- Substantial quantities of period and reproduction furniture and set dressings.
- Over 300 live customer [redacted]

[redacted] further details please contact:

PWG DuBuisson
[redacted] Joint [redacted] Receiver
BDO Binder Hamlyn
[redacted] Old Bailey [redacted] EC4M 7BH
Telephone: 071 489 [redacted]
Fax: 071 489 6295

BDO BINDER HAMLYN

Chartered Accountants

Authorised by the Institute of Chartered Accountants in England [redacted] Wales to carry on investment business.

Fish Farm – Greece

A unique opportunity to acquire 50% shareholding in a Greek fish farming company exists. The company has an excellent future growth and profit potential. Principals only.

Please write [redacted]
Box H9395,
Financial Times,
One Southwark Bridge,
London SE1 9HL

Quality Furniture Retailer

The Joint Administrative Receivers offer for sale [redacted] and [redacted] of [redacted] of Reading [redacted]

- *Retailers of quality living, dining and bedroom furniture, upholstery, rugs and gifts*
- *Stockists of Grange and Hulsta brands*
- *Turnover £1.4m [redacted]*
- *[redacted] customer [redacted]*
- *14,000 sq [redacted] freehold premises in central Reading*

For further details, please [redacted] the Joint Administrative Receiver, Jason Elles, [redacted] & Young, Apex Plaza, Reading, Berkshire RG1 1YE.
Telephone: 0734 500611. Fax: [redacted] 507744.

ERNST & YOUNG

Authorised by The Institute of Chartered Accountants in England and Wales to carry [redacted] business.

Spencers

The Joint Administrative [redacted] of W A Spencer & Co. Limited offer for sale the business and assets of this East Midlands residential estate agency chain with origins dating back to [redacted] The principal features include:

- *12 leasehold operating branches, fixtures, fittings etc*
- *Turnover £2.1 million year [redacted] February 1991*
- *2000 approx properties for sale 1500 approx managed lettings*
- *[redacted] employees*

Interested parties please apply for brief particulars of sale to the Joint Administrative Receivers, T [redacted] and GCS [redacted] Ernst & Young, Provincial House, 37 New [redacted] Leicester [redacted] 6TU
Telephone: [redacted] 549818. Fax: 0533 551352

ERNST & YOUNG

Authorised by The Institute of Chartered Accountants in England and Wales to carry on investment business.

Lithographic Printer and Designer

The Joint Administrative Receivers offer for sale the business and [redacted] of Sydney Lee (Exeter) Limited. Key features include:

- *Turnover c. £1m.*
- *Freehold buildings (14,600 sq ft) and land [redacted] of Exeter.*
- *Plant and Machinery includes single and four colour rotary offset lithographic printing machines, guillotine paper cutting machine, bindery system and vertical darkroom process [redacted]*

For details [redacted] H. A. Peacock and C. [redacted] Clapp, Ernst [redacted] Young, Broadwalk House, Southernhay [redacted] Exeter, Devon [redacted] 1LE.
Telephone: 0392 433541. Fax: [redacted] 75175.

ERNST & YOUNG

Authorised by The Institute of Chartered Accountants in England and Wales to carry on investment business.

Europa Tennis Centre

The Joint administrative [redacted] of Europa Tennis Limited [redacted] on the outskirts [redacted] Southampton.

- 500 annual memberships.
- Six indoor tennis [redacted]
- Nine [redacted] tennis courts.
- Bar, [redacted] shop.
- [redacted] 15 acre [redacted] at nominal rent.

For further information [redacted]
PS Padmore FCA, Price Waterhouse, The Quay, 30 Channel Way, [redacted] Village, Southampton SO1 1XF. Tel: [redacted] 330077. Fax: 0703 [redacted]

Price Waterhouse

British Leyland Parts Specialist

For sale as a going concern the business and assets of COVERHILLS LIMITED (In [redacted]

- 12,000 sq. ft. leasehold premises in the centre of Preston, Lancashire.
- Approximately 30,000 stock lines for Rover, Land Rover, Freight Rover.
- Trading in the North West of England as UNILINK
- [redacted] customer base.
- Turnover in excess of £1,000,000 on an annualised basis.

For further details contact the Joint Administrative Receivers
Gerald Smith or Michael Hore

ROBSON RHODES

Bernard House, Piccadilly Plaza, Manchester M1 4DJ.
Telephone: 061-236 4702. Fax: 061-236 1152.
Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business

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SMALL PACKAGING MERCHANT BUSINESS

Disposal of a non-core [redacted] gives an opportunity [redacted] acquire the stock and goodwill of this [redacted] Counties [redacted] operation. T.O. approx £100K p.a. with good margins. Could be run comfortably by [redacted]

Principals only write to
Box H9333, Financial T[redacted]
[redacted] Southwark Bridge,
London SE1 9HL

STATIONERY COMPANY

COMMERCIAL STATIONERY COMPANY with retail and printing interests, based in London, current turnover in excess of £3 million, seeks an investor or merger to secure future expansion.

Please reply with details to:
Box No. H9379, Financial Times, One Southwark Bridge,
London SE1 9HL

INSURANCE BROKERS SOUTH EAST ENGLAND

IBRC/FIMBRA Registered Broker for sale. Brokerage £¼M plus. Long established account with 60% plus commercial. Cash purchaser required.

Enquiries to Box H9382 Financial Times, One Southwark Bridge, London SE1 9HL.

PACKING MACHINES

Significant manufacturer of special packaging machines, especially for food industry with well established marketable programme intends to sell to [redacted] group which is interested in completing its programme.

Write [redacted] Box H9394, Financial Times, One Southwark Bridge, London SE1 9HL.

Latham Crossley & Davis

Joint Administrative Receivers DAVID WOOD FCA and PETER S. DUNN FCA

Offer For Sale the Business, Assets and Goodwill of a

3 STAR SHROPSHIRE HOTEL

on 1.25 Acre Estate

A period Manor House (circa 1800s) with [redacted] rooms [redacted] planning permission for extending to [redacted] Function [redacted] including a quality English cuisine [redacted]

Enquiries to DAVID WOOD — Latham Crossley [redacted]
Arkwright House, Parsonage Gardens, Manchester M2 7LE

Plastic Recycling Business

Established 10 years. Ecological and growth orientated. T/O circa [redacted] million. Established [redacted] base, profitable. [redacted] corporate acquirer with capital injection [redacted] advantage of the rapid growth envisaged in [redacted] Valuable trade marks.

Principals only should reply [redacted] Box No: [redacted]
Financial Times, One Southwark Bridge,
London SE1 9HL

YACHTS AND POWERCRAFT

Replacement owner urgently sought for this superb purpose-built sail yacht, now available for £395,000 instead of £625,000. Nearing completion in UK, vessel will enter our Caribbean charter fleet with income stream of £50,000 pa, plus substantial owner benefits and opportunity for capital appreciation.

Call George on 0473 37 407 or
Fax 0473 37 445.

AGB RESEARCH INTERNATIONAL PLC
(IN ADMINISTRATION)

The Joint Administrators offer for sale the following businesses:

AGB RESEARCH
* provides continuous/panel research, ad hoc research and media measurement.
* turnover £80 million per annum.
* third largest market research group in Europe.

PER/SQUIRES
* professional and executive recruitment services.
* temping and permanent placing agency – places 350 temps each week.
* turnover £3.6 million per annum.

VISTA COMPUTER SERVICES
* supplies bespoke computer systems and related services to the publishing industry.
* turnover £3.2 million per [redacted]

For further information please telephone: 071 438 3773

Arthur Andersen [redacted] Co. [redacted] authorised by the Institute of Chartered Accountants in England and [redacted] to carry on investment [redacted]

ARTHUR ANDERSEN

A B COASTAL DEVELOPMENTS (LEISURE) LIMITED
(In Administrative Receivership)
THE BYGONE HERITAGE VILLAGE

The Joint Administrative Receivers offer for sale "The Bygone Heritage Village", Burgh Hall, Fleggburgh, Great Yarmouth, Norfolk.
This working Village is set in a freehold estate of approximately 51 acres and comprises craft workshops, public house, church, school, farmhouse and railway station.

ATTRACTIONS IN THE VILLAGE INCLUDE:-
- [redacted] Narrow Gauge Railway complete with working engines and rolling stock
- Fully restored vintage vehicles and steam traction engines
- A 1890 Gavioli 89 Key Fairground Organ
- Savage Gallopers Steam Fairground Roundabout
- Class S1 2-6-4T loco No. [redacted]
- Trout Lake
- Pets and farm animal paddock
- Many other items of train and steam memorabilia

Exhibits are stored in modern exhibition buildings.

The site also includes:-
- 3 acre residential development with [redacted] properties with vacant possession and plots for a further 7 houses
- Garden Centre
- [redacted] acre campsite
- Extensive car parking facilities
- Administrative [redacted]

For further details please contact the Joint Administrative Receivers:-
Nigel [redacted] or [redacted] Matusiewicz
[redacted] Hamlyn
7 The Close
NORWICH
NR1 4DP
Tel: 0603 [redacted]
[redacted] 0603 [redacted]

BDO BINDER HAMLYN

Chartered Accountants

Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

Touche Ross

Matchmaker Limited
(In Administrative Receivership)

The Joint Administrative Receivers, P. L. Thurston and A. [redacted] D. Bird, offer for sale the goodwill, assets and undertaking of the above company.
- ☐ Leading manufacturer and [redacted] of synthetic sports surfaces for both indoor and outdoor [redacted]
- ☐ Turnover £2.0 million.
- ☐ Purpose built production facility.
- ☐ 12,000 sq. ft. freehold p[redacted] in Evesham.
- ☐ Product approved by Sports Governing bodies and local authorities.
- ☐ Established name and product [redacted]
- ☐ Valuable order book.

For further details, please [redacted] Thomas or [redacted] Joint Administrative Receivers at the address below.

Queen Anne House, 69/71 Queen Square, Bristol BS1 4JP.
Tel: 0272 211622. Fax: 0272 292801.

Authorised by the Institute of Chartered Accountants in England and Wales to carry on Investment Business.

DRT International

MILLET SPORTS LIMITED
[redacted] Administrative Receivership [redacted] in Liquidation)

The Joint Administrative Receivers offer for sale as a going concern the business and assets of the above company
- [redacted] Sports [redacted] outlets
- Turnover of £1.1 [redacted] p.a.
- [redacted]hold premises at Mill Hill, Finchley [redacted] Golders [redacted]

For further information contact either David Rolph, or John [redacted] Stephens, St. [redacted] House, Warwick Lane, [redacted] EC4P 4BN
[redacted] 071-248 [redacted]

MOORE STEPHENS
[redacted] ACCOUNTANTS

BUSINESS AND ASSETS

Of solvent and insolvent companies for sale. *Business and Assets*

.Tel 071 [redacted] 1164(Mon - Fri)

COMPUTER REPAIR COMPANY
- *Workshop Repair of Computers*
- Skilled, stable workforce of 17
- Latest in Automatic Test Equipment
- Turnover approaching £1M
- *Midlands based, 10,000* [redacted] premises
- Other Hardware [redacted]
- Owners interested in Merger/ Sale

Contact: Stuart Gray of Kidsons Impey on 021-631 2631

COMPANY NOTICES

Following the DIVIDEND DECLARATION by Ford Motor Company (U.S.) on [redacted] NOTICE is now given [redacted] following DISTRIBUTION will become payable on or after 17 December 1991

[redacted] Distribution per unit	2-0000	Cents
[redacted] 15% USA Withholding Tax	0-3000	Cents
	1-7000	Cents
Converted at $ 1-7850	£0-00952381	

[redacted] should [redacted] lodged with [redacted] DEPOSITARY; National Westminster [redacted] PLC, 5th Floor, 21 Lombard Street, London, EC3P [redacted] on special [redacted] obtainable from [redacted] office.

United Kingdom Banks and Members of the Stock Exchange should mark payment [redacted] the dividend in the appropriate square on the [redacted] of the [redacted]

All [redacted] complete the special form and present this [redacted] the above address together with the certificate(s) for marking by the [redacted] Westminster Bank PLC. [redacted] applications cannot be accepted.

[redacted] 17 [redacted] 1991

The Bell Hotel - Tewkesbury

The Joint Administrative Receivers of Browns (Hotel Management and Consultancy) Limited offer for sale as a going concern the business and assets of The Bell Hotel in Tewkesbury, Gloucestershire. The [redacted] and assets comprise:-
- Historic 3 star town centre location
- 27 bedroom freehold hotel
- 55 space car park
- [redacted] facilities
- [redacted] staff [redacted]
- Substantial development potential on site
- Turnover approximately £550,000 pa

For further details please contact the Joint Administrative Receivers, [redacted] Iredale and R W Birchall, at Cork Gully, 9 Greyfriars Road, Reading, Berkshire, RG1 1JG, Tel: (0734) 500336, Fax: (0734) 507703, Telex: 848568.

Cork Gully is authorised in the name of Coopers & Lybrand Deloitte by the Institute of Chartered Accountants in England and Wales to carry on Investment Business

Cork Gully

BUSINESS SECTION

[redacted] Rates

From January [redacted] the advertisement [redacted] for classified [redacted] advertising will be

Business Opportunities £65.00 p.s.c.
Business For Sale [redacted] Wanted and all other headings £58.00
[redacted] Numbers £14.00

if you require any further information please contact Melanie Miles on 071-873 3308

FRANCHISING

MASTER LICENSE

Mail Boxes Etc.®(MBE) is the fastest growing retail postal, business and [redacted]munications franchise network in the world with over 1,400 centers worldwide and adding one new center every business day. We are now offering the exclusive opportunity to own the master license for development of MBE centers in the United Kingdom and Europe to a qualified interest.

This is an exceptional opportunity to join the most successful company in the communications service industry. U.S. $500,000 cash investment required.

For further information contact:
Mail Boxes Etc.
Rob Shaw • International Manager
5555 Oberlin Drive • San Diego • CA • 92121
[redacted] (619) 455-8800
Fax: (619) 452-9937

MBE MAIL BOXES ETC.

UPS Authorized Shipping Outlets

Offering by prospectus only *©1991 Mail Boxes Etc.*

PUBLIC NOTICES

MMC INVITES EVIDENCE ON MANCHESTER AIRPORT INQUIRY

The Monopolies [redacted] Mergers Commission [redacted] like to [redacted] from any person with information or [redacted] on [redacted] level [redacted] of airport charges that [redacted] Airport plc [redacted] able [redacted] levy at Manchester Airport during the five years commencing on 1 April 1993.

The Commission would [redacted] welcome information or views on whether Manchester Airport plc has at any time during the period from 29 May 1987 pursued a [redacted] of conduct which has operated or might be expected to operate against the public interest. Such a course of conduct may be in relation [redacted] airport charges, operational activities or the granting of rights which allows operational activities to be carried out by any person or persons other than the airport company.

The Commission would like to receive evidence in writing by *17 January* [redacted] *to be* [redacted] *to: The Reference* Secretary (Manchester Airport), Monopolies and Mergers Commission, [redacted] Court, 48 Carey Street, London, WC2A 2JT.

Chichester District Council

Tender for Banking Services

Tenders are invited for the provision of a full range of banking services. The contract will be for a period of 5 years commencing 31 MAR 1992. Potential tenderers should contact the Director of Finance at the address shown below for the tender document. Tenders submitted to arrive by 12pm on 23rd Jan 1992.
Director of Finance
Chichester District Council
East Pallant House
Chichester District Council
East Pallant House
Chichester W.Sussex PO19 1TY Tel: 0243 785166 ex.2225.

MIRRORSOFT LTD
(IN ADMINISTRATION)

The Joint Administrators offer for sale the business and assets of the above company [redacted] going concern.
- Publisher of computer entertainment software (primarily; 16-bit, 8-bit and PC compatible formats)
- Significant market share (market leader 1990)
- Licence agreements with major entertainment entities for high profile titles
- Anticipated turnover for 1991 of £10m (management accounts)

For further information please contact Nick Owen or Simon Hood at:
Arthur Andersen [redacted] Co.
P.O. Box 55, 1 Surrey Street
London WC2R 2NT
Tel: 071-438 [redacted]
Fax No. 071-438 3771

Arthur Andersen & Co is authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

ARTHUR ANDERSEN

Smith & Williamson

Corporate Recovery • Litigation Support • Corporate Finance • Taxation • Banking Investigations • Investment Management • Pensions & Life Assurance • Accounting • Auditing

The Joint Administrative Receivers offer for sale *the business and assets of*

KING HOISTS LTD.

The business [redacted] involved with the manufacture of chain hoists and overhead conveying systems.
- ★ Turnover £2m.
- ★ Leasehold offices/works of 23,000 sq ft.
- ★ [redacted] product [redacted] for over 50 yrs.
- ★ [redacted] workforce.
- ★ Long-standing UK and overseas customer base.

For [redacted] information [redacted] Kieran Day [redacted] 745151 or Peter Yeldon [redacted] 071-637 5377 [redacted] offices of [redacted] Williamson, No. 1 Riding House Street, London W1A 3AS. Fax: 071-323 5683.

Smith & Williamson, Chartered Accountants
Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business

Smith & Williamson Securities
Authorised institution under Banking Act 1987.
Member of IMRO. Member of the British Merchant Banking and Securities Houses Association

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HAMBURGER HALT LIMITED
(IN ADMINISTRATIVE RECEIVERSHIP)

The Joint Administrative Receivers, D J Buchler and L [redacted] Manning offer for [redacted] the business [redacted] above company.
- Two American style fast food outlets in North London [redacted] unique Twin Lane Drive-Thru concept.
- Turnover approx. £600,000 p.a.
- Two undeveloped [redacted] outline planning permission for fast food use in very high density areas.
- Fully [redacted] workforce.

For further information [redacted] contact
Roth Kom [redacted] Co., 10 Gees Court,
London W1M 9HQ.
Telephone 071-499 5051.
Facsimile 071-499 5055.

BUCHLER PHILLIPS & CO

LEGAL NOTICES

[redacted] STRUCTURAL LIMITED
Registered number: 2082718

[redacted] of [redacted] & [redacted]
[redacted] classification: 23
Date of appointment of administrative [redacted] ers: 2 December 1991
Name of person appointing [redacted] receivers: National Westminster Bank Plc
N. J. Vooght [redacted] C. J. Hughes
(office holder nos 6339 & 2041)
of Melrose House
42 Dingwall Road
Croydon
Surrey CR9 3NE

[redacted] JOINERY LIMITED
Registered number: 2471816

[redacted] business: Joinery
Trade classification: 23
Date of appointment of administrative receivers: 2 December 1991
Name of person appointing the administrative receivers: National Westminster Bank Plc
N. J. Vooght & C. J. Hughes
Joint Administrative Receivers
(office holder nos 6339 & 2041)
of Melrose House
42 Dingwall Road
Croydon
Surrey CR9 3NE

MERLIN PLANT HIRE LIMITED
Registered number: 1101943

Nature of business: Plant Hire
Trade classification: 23
Date of appointment of administrative receivers: 2 December 1991.
Name of person appointing the administrative receivers: National Westminster Bank Plc
N. J. Vooght & C. J. Hughes
Joint Administrative Receivers
(office holder nos 6339 & 2041)
of Melrose House,
42 Dingwall Road,
Croydon
Surrey CR9 3NE.

G L JAMES LIMITED
Registered number: 719349

Nature of business: Building Contractors
Trade classification: 23
Date of appointment of administrative receivers: 2 December 1991
Name of person appointing the administrative receivers: National Westminster Bank Plc
N. J. Vooght & C. J. Hughes
of Melrose House
42 Dingwall Road
[redacted]
Surrey [redacted]

COMPANIES ACT 1985 INSOLVENCY ACT 1986
EARLYPRESS LIMITED
(IN MEMBERS' VOLUNTARY LIQUIDATION)

NOTICE IS HEREBY GIVEN that the Creditors of the above named Company are required on or before the 30th January, 1992 to send their names and addresses with particulars of their Debts or Claims, and the names and addresses of their Solicitors (if any), to Clive William Thomas Booth of 60 Cornwall Street, Birmingham, B3 2DY, the Liquidator of the said Company, and, if so required by notice in writing by the said Liquidator, are by their Solicitors or personally to come in and prove their said Debts or Claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

NOTE: This notice is purely formal and all known Creditors have been, or will be, paid in full.

Dated 10th December 1991 C. W. T. Booth, Liquidator

MEETING OF CREDITORS
TONGEDALE LIMITED

[redacted] HEREBY GIVEN [redacted] The Insolvency Act [redacted] meeting of creditors of the abovenamed Company will be held at T[redacted] of London, 69 Hallam Street, London W1N 6LJ, on the 19th day of December, 1991 at 11.30 a.m. for the purposes mentioned in Sections 99, 100 and 101 of the said Act.

A list of names and addresses of the above company's creditors will be available for inspection, free of [redacted]harge, at 19A Cavendish Square, London W1M 9AD, on the two business [redacted] next before the day on which the [redacted] of creditors will be held.

Dated this [redacted] day of November 1991
Mr G. F[redacted] Director

IN THE MATTER OF
MALLDOWN LIMITED T/A STEBCHEN
AND IN THE MATTER OF
THE INSOLVENCY ACT 1986

In accordance with Rule 4.106 of The Insolvency Rules 1986 notice is hereby given that I, Peter S. Dunn FCA, a Licensed Insolvency Practitioner of Latham Crossley & Davis, 45 Conduit Street, London W1R 9FB, was appointed Liquidator of the above Company by the Creditors on 5th December 1991.
Dated this 5th December 1991
Peter S. Dunn FCA, Liquidator
Latham Crossley & Davis
45 Conduit Street, London W1R 9FB

IN THE MATTER OF
BLADESET LIMITED
AND IN THE MATTER OF
[redacted] **ACT 1986**

In [redacted] Rule 4.106 [redacted] The Insolvency Rules 1986 notice is hereby given that I, Peter S. Dunn FCA, a Licensed Insolvency Practitioner of Latham Crossley & Davis, 45 Conduit Street, London W1R 9FB, was appointed Liquidator of the above Company by the Creditors on 10th December 1991.
Dated this 10th December 1991
Peter S. Dunn FCA, Liquidator
Latham Crossley & Davis
45 Conduit Street, London W1R 9FB

COMPANY NOTICES

GENERAL MOTORS CORPORATION

Further [redacted] the DIVIDEND DECLARATION [redacted] 1991 NOTICE is now given that the following distribution will [redacted] on or after 16th [redacted] 1991 against presentation to the Depositary (as below) [redacted] Claim Forms listing Bearer Depositary Receipts.

GROSS DISTRIBUTION	2.00 CENTS
LESS 15%	
US WITHHOLDING TAX	0.3000 CENTS
	1.7000 CENTS PER UNIT
CONVERTED [redacted]	0.9431 PENCE PER UNIT

Barclays Bank PLC
Stock Exchange Services Department
168 Fenchurch Street, London EC3P 3HP

BUSINESS FOR SALE

Tuesdays, Saturdays and NOW Fridays

For further information and to advertise in this section please contact

Melanie Miles on
071 873 3308

FINANCIAL TIMES

FINANCIAL TIMES SURVEY

TURKISH FINANCE INVESTMENT & INDUSTRY

Tuesday December 17 1991

Promises of a better life

For many of Turkey's people, the return of Süleyman Demirel 11 years after he was ousted in a coup is seen as the start of a new era. He is promising reforms more radical than anything since the republic was founded by Mustafa Kemal Atatürk. John Murray Brown reports

IT SAYS something about [redacted] state of Turkish politics that a man who has already [redacted] prime [redacted] six times should be greeted with such popular fervour on the seventh occasion.

Mr Süleyman Demirel could yet surprise his critics. The veteran 68-year-old conserva- [redacted] Turkey's new [redacted] following the [redacted] general election, is promising reforms more radical than anything since the founding of the Republic by Mustafa Kemal Ataturk in the 1920s.

Familiarity, it is said, breeds contempt. But for many of Turkey's 58m people, Mr Demirel's return 11 years after he was ousted by a military coup, is seen as the start of a new era.

The optimism is hard to fathom. Mr Demirel heads a fragile coalition between his True Path party and the Social Democratic Populists. Political division may yet derail the government's best efforts.

He inherits an economy suffering rapid inflation, high real interest rates and a mounting budget deficit. [redacted] his government [redacted] likely [redacted] encounter the problems of growing labour unrest, environmental concern and student protest which the outgoing Motherland party was able to side-step when it came to power in the wake of the 1980 coup.

Mr Demirel has nonetheless caught the public mood with his liberal political programme, something President Turgut Ozal tried but was unable to pursue without party support.

Human rights, the problems [redacted] Turkey's 10m [redacted] minority, the crises in the universities and the legal profes- [redacted] all these issues Mr Demirel is pledged to roll back the authoritarian [redacted] framed by the military.

The changes could [redacted] far-reaching [redacted] on [redacted] Turkish workforce and on education standards. However it is on the economy where Mr Demirel faces the greatest challenge.

In the 1970s, Mr Demirel had a reputation for political expediency. On the economy, he was better known as a *dirigiste*, raising Turkey's trade barriers to protect domestic industry.

His supporters still maintain it was those policies of import substitution – the systematic replacement of imports with national equivalents – which provided the platform for the performance of the 1980s, when exports fuelled average growth rates of more than 6 per cent.

Mr Demirel's new programme pays grudging tribute to the market reforms undertaken by Mr Ozal. Where he departs from the Ozal legacy is in the implicit call for an increased role for government in the country's economic and industrial affairs.

Mr Demirel is already involved in the difficult pro- [redacted] of changing the guard in the civil service. Top bureaucrats are holding their breath in anticipation of their marching orders.

Some of the 500,000 civil servants were political appointees, with salaries but no real jobs. But inevitably the axe will fall on gifted technocrats whose only real fault is to have been hand picked by the previous Motherland party administration.

The coalition has a small breathing space. Economists predict a slowdown this year. The current projection is for growth of 2.5 per cent, compared with about 9 per cent in 1990, largely the result of declining investment, the Gulf war and the uncertain political environment at home. This has helped restrain inflation to 70 per cent; barely enough to keep pace with a population expanding at 2.5 per cent every year.

Meanwhile the trade picture is not getting any easier. Until the Gulf War and the UN sanctions, Iraq was historically Turkey's second-largest trading partner. New ties are being forged with the Turkish-speaking Soviet Republics, with Turkey hoping to provide a conduit for European and US companies. Netaş, the local subsidiary of Northern Telecom, for example, is exporting digital switches to Azerbaijan and other republics. [redacted] finance will be the main problem.

There is talk of a Black Sea economic zone, a Balkan community, even a free trade agreement with the US. But the heart of the current trade malaise is Turkey's relations with Europe, traditionally the target for half of its exports.

One reason is the lack of political progress, with Turkey's application for EC membership [redacted] in 1988 and [redacted] increasingly distant.

EC [redacted] believe [redacted] remains on [redacted] a [redacted] union [redacted] Brussels [redacted] under [redacted] 1980 [redacted] Agreement. Mr Demirel is expected [redacted] unified tariff [redacted] which [redacted] in the short run [redacted] duties as special [redacted] are [redacted]

[redacted] concern [redacted] growing protectionism. [redacted] year, Turkey [redacted] cited in [redacted] anti-dumping investigations than any other country. The EC [redacted] that this is [redacted] matter [redacted] little ice with Turkish exporters struggling [redacted] expand [redacted]

[redacted] more positive [redacted] the [redacted] dispute is as a measure of Turkey's [redacted] found competitiveness.

[redacted] survive in [redacted] environ- [redacted] where borrowing [redacted] are [redacted] per cent, [redacted] to be [redacted]

Turkey [redacted] learning [redacted] advantage [redacted] longer [redacted] labour. [redacted] real [redacted] The [redacted] of [redacted] to lift union restrictions [redacted] prompt [redacted] higher [redacted] demands.

Turkish [redacted] now gaining [redacted] new technol- [redacted] through foreign joint [redacted] compete. [redacted] are [redacted] to support research and develop- [redacted] – [redacted] seed corn of [redacted] pany's future growth.

[redacted] *shortcoming* is [redacted] many companies [redacted] cupied with Turkey's large home market. Sabanci Holdings, the country's largest industrial group, this year signed [redacted] important deals with vehicle manufacturer Toyota and US cigarette maker Philip Morris – both investments targeted for domestic demand.

More worrying is the fall in [redacted] investment, particularly in manufacturing. As [redacted] result, industrial employment levels are [redacted] to [redacted] this year. Indeed, despite priva- [redacted] efforts, [redacted] Turkish [redacted] still [redacted] for [redacted] half of [redacted]

The government [redacted] pledged [redacted] promote portfolio investment through the Istanbul [redacted] exchange. Insurance companies and pension [redacted] are [redacted] encouraged in a bid [redacted] increase market liquidity.

But ownership presents [redacted] problem, with many businesses [redacted] in the hands [redacted] families. The speculative nature of so much of [redacted] the exchange [redacted] one disincentive for a [redacted] to [redacted] public. But [redacted] fun- [redacted] remains [redacted] trol.

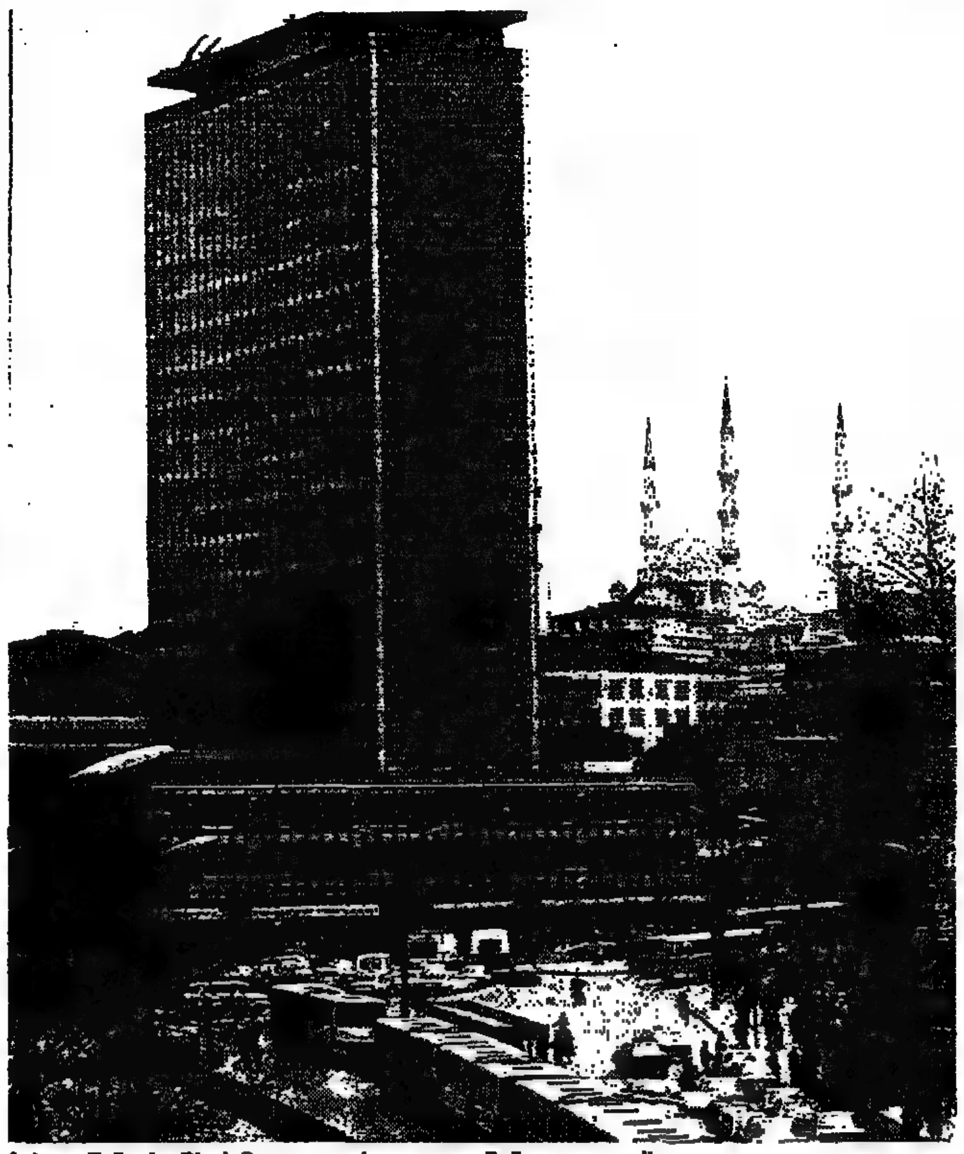
The government's [redacted] is to tackle the problem of the public [redacted] *now more than 10 per cent of* [redacted]

[redacted] paper [redacted] more than [redacted] per [redacted] capital market transactions, and dominates banking assets, crowding [redacted] the private [redacted] fueling [redacted] which [redacted] turn [redacted] industry's [redacted]

Turkey continues [redacted] suffer from the immaturity [redacted] ital markets, [redacted] need [redacted] foreign borrowing.

But without tackling [redacted] icit, [redacted] danger [redacted] govern- [redacted] will have [redacted] increasingly [redacted] treasury subventions [redacted] monetise [redacted] add [redacted]

Turkey's public [redacted] is not large by [redacted] Organisation for Economic Co-operation [redacted] Development, [redacted] public services [redacted] widely considered inadeq[redacted] But it is hard [redacted] see how, with- [redacted] wide-ranging structural reform, Turkey can [redacted] up with [redacted] competitors and fulfil Mr Demirel's promise [redacted] ter life.



Ankara: Talk of a Black Sea economic zone or a Balkan community — Picture: Terry [redacted]

[redacted] THIS SURVEY

TURKISH FINANCE INVESTMENT [redacted] INDUSTRY [redacted]

John Murray Brown reports on the economy

The honeymoon is [redacted]

LIKE a footballer's comment after the big match, Turkey's [redacted] economic performance has been one [redacted] halves, with the country's growing confidence as an exporter largely overshadowed by the [redacted] state [redacted] public finances.

"Turkey has no problems with the [redacted] the world, only with itself," says one foreign economist.

The new [redacted] brief honeymoon looks set to be disrupted by rising inflation, high interest rates and a widening deficit on the budget.

Mrs Tansu Çiller, an attractive 45-year-old [redacted] better known for having forced her husband [redacted] take her maiden name, has been entrusted with introducing tax reform and restructuring loss-making public corporations.

Her [redacted] will be made all the more difficult by the need [redacted] reconcile [redacted] broadly liberal [redacted] of [redacted] True Path party with the views of its [redacted] coalition partners, who are less than enthusiastic about the market.

The longer-term challenge is to reverse the recent decline in private sector investment while maintaining the growth in exports at a time when $7bn has to be found every year to service the country's $43bn for[redacted] debt.

[redacted] Turkey [redacted] in [redacted] 1983, growth has [redacted] than 6 [redacted]. In [redacted] a depreciating [redacted], a raft [redacted] export incentives and industry's idle capacity h[redacted]d to double Turkey's exports. Then, with the lira showing real appreciation in [redacted], investments shot up. [redacted] growth in imports [redacted] dra[redacted] the freeing [redacted] trade regime fueled private consumption.

Over the past year, Turkey has seen an 8 per cent real depreciation of the lira. Gross national product is estimated to have grown by just 2.5 per cent compared with close to 9 per cent in 1990 – largely due to the effects of the Gulf War, the fall in imports and continued tight monetary policy.

The slowdown has nonetheless taken heat out of the economy. The picture has been further improved with aid – due to Turkey's role in the Gulf War – contributing about TL9,000bn or 20 per cent of the public sector's borrowing needs.

The grants have been treated as current items. Thus the current account for [redacted] months to August was showing a surplus of $521m.

In addition, Turkey's foreign exchange [redacted] $12.5bn in November; enough for [redacted] months [redacted] imports.

In the immediate wake of the [redacted] War, Turkey was thus able to postpone the imposition of [redacted] austerity package. Today, however, inflation [redacted] rising. The annual [redacted] touched [redacted] per cent in Sep[redacted]ber before falling back. Price increases for state enterprise products, delayed by the outgoing government, are likely. The government can mask the pub[redacted] by raising prices, but only in the short term. The policy will further fuel inflation if monetary growth expands to accommodate.

Mrs Tansu Çiller: entrusted with introducing tax reform and restructuring loss-making public corporations

Monetary policy has [redacted] free wheeling [redacted] several months already as [redacted] spending made it all but impossible for the central bank to keep to its targets.

The unions, meanwhile, have been promised greater political [redacted]. This [redacted] demands, creating [redacted] inflationary pressures. Internationally, Turkey's trade performance continues to improve but the search for new markets looks uncertain. Turkey is already the subject of a number of [redacted] anti-dumping measures – more than for any other country. Negotiations continue with Brussels on tariffs in line with Turkey's commitment to a customs union agreement due to be agreed in 1995.

As for its Middle East business, talks are deadlocked on opening the pipeline with Iraq, Turkey's second-largest trade partner. Baghdad refuses to conform with UN Resolution 706 calling for [redacted] one-off oil shipment worth $1.6bn. Business with former eastern bloc neighbours and the Soviet republics will remain difficult as long as hard currency short[redacted] persist.

Remittances from overseas workers will provide some relief, although this big foreign exchange earner looks [redacted] to fall this year from the $3bn in 1990.

The tourism industry represents the one bright spot, with early bookings indicating that receipts may well reach $4bn in [redacted] up from $2.5bn projected for this year.

On public finances, Mrs Çiller's room for manoeuvre is limited. As a share of GNP, the Turkish public sector is [redacted] smallest of the Organisation for Economic Co-operation and Development [redacted]. [redacted] services are often inadequate.

[redacted] the expenditure side, civil servants' salaries and debt service comprise about 70 per cent of the total budget outlay. The army will want to see defence spending increase as it bids to upgrade key technologies. The government [redacted] also pledged to continue to support the vast GAP south-east Anatolian irrigation project; vital if the economy of this troubled Kurdish-speaking region is to revive.

Most economists [redacted] there is some [redacted] to raise revenues in what is one of the least taxed countries in the OECD. The government has said it will review some of the tax exemptions and immunities. Interest paid on both government and other securities is currently tax deductible – an unnecessarily generous provision in an environment of high inflation.

The government[redacted] prescription for industrial recovery is more controversial. After years of market-based reforms, the new government is talking of engineering industrial development by way of incentives for foreign investors and subsidies for local producers. Privatisation is only to be used to provide equity capital for [redacted] investment.

The programme, [redacted] implemented, [redacted] mark the biggest shift in Turkish policy since the days of import substitution in the [redacted]

But it will take money. Without correcting the fiscal imbalances it is hard to see how government funds will [redacted] available for the sort of industrial promotion envisaged.

Equally, the monetary and fiscal reforms will [redacted] nothing without a more radical shake-up [redacted] enterprises.

■ BANKING

Leaner times ahead

TURKISH bankers are preparing for leaner times. After the astonishing profits record of recent years, the industry looks set for a period of consolidation.

For the past six months, as the country approached elections, boardroom discussion has been dominated by one issue: that [redacted] rates.

The [redacted] policy pursued by [redacted] central bank, [redacted] banking [redacted] banks expand their [redacted] and switch to computerisation coupled with the growing budget deficit, have pushed up the cost of credit.

In real terms, only Ziraat the state agricultural bank, now offers negative real rates. The rate of interest on a one-year bank deposit reached 80 per cent in late November before falling on the announcement of the [redacted] programme of Mr [redacted] ment. Turkish manufacturing, [redacted], is [redacted] close [redacted] 110 per cent [redacted] working capital.

[redacted] high reserve requirement – the proportion of [redacted] bank's deposits to [redacted] held [redacted] the central bank – is now about 13 per cent, adding to banks' [redacted]. Bank intermedia[redacted] expenses mean [redacted] spreads – [redacted] difference between lending [redacted] – [redacted] large by the standards [redacted] other [redacted] (Organisation for [redacted] Co-operation and Development) economies.

The one comfort for bankers is that the volume of non-performing loans has turned out to be smaller than expected. The head of an Istanbul bank estimated that less than 0.5 per cent of consumer loans would [redacted] to [redacted] written off.

Turkey's [redacted] landscape has certainly changed dramatically since the financial crisis of 1982. Better managed [redacted] more professionally audited, in many ways Turkish banks have set [redacted] standard for the rest [redacted] country's industry. Banks are the only institutions which by [redacted] to be externally audited, lodging [redacted] with the central bank.

The industry has mushroomed [redacted] finance Turkey's economic growth, which [redacted] averaged 6 per cent over [redacted] past decade. Today there seems to be [redacted] bank on every street corner. Many carry the names of the commodities which they were originally set [redacted] finance.

Every self-respecting Turkish group has its own bank. Sabanci group, the largest [redacted] company, owns Akbank [redacted] profitable private [redacted] Koç Trading owns Koç American. Dogus construction group owns Garanti [redacted]. Çukurova, [redacted] large Turkish conglomerate, [redacted] estimated [redacted] earn more than half its revenues from financial business from its [redacted] – Yapi Kredi bank, Pamukbank and Interbank.

Turkey's banking [redacted] by three [redacted] banks: Ziraatbank [redacted] agricultural bank, [redacted] also state-owned, and the private Akbank. Together, these account for more than half the banking [redacted] assets.

Banks have traditionally been among [redacted] most profitable institutions in Turkey. Of the 100 or so listed companies on [redacted] exchange, the four best performers are banks.

Many in the industry expect corporate finance work to take off as Turks search out foreign partners and foreign investors take direct equity stakes to gain more management control over Turkish businesses

However the coming period may prove leaner. The quality of many loan books has deteri[redacted] in the past two years as consumer lending has taken off and domestic investment has slowed down.

The [redacted] relationships between banks and their affiliated companies will pose [redacted] challenge [redacted] banking supervisors.

[redacted] floated equity on [redacted] partly to meet the capital [redacted]quacy requirements [redacted] the Bank [redacted] Settlements. But [redacted] Turkish [redacted] are [redacted] undercapitalised. Indeed, the equity positions [redacted] companies can sometimes be more than the capital of the bank itself. To comply with the BIS, banks may now have to sell off some of their industrial participations.

The [redacted] even tougher times. The new government is widely expected [redacted] replace [redacted] heads [redacted] the state banks. World Bank support for financial sector reform has been held back because of continuing problems at Ziraat. With reform of the state enterprises mooted, the state banks will have [redacted] more with the private sector [redacted] their savings.

In the recent high interest environment, banks have had little incentive to improve efficiency. Under the outgoing Motherland party government the state has had an almost insatiable appetite for funds, providing banks and other investors with low-risk, high-yielding assets.

Where [redacted] in the UK will focus on [redacted] coupon offered on [redacted] government gilt-edged stock, in Turkey, volume is the key indicator at the weekly treasury auction. Government securities account for about one third of banking assets, squeezing out the pri[redacted] sector's demand [redacted] capital. Under liquidity requirements, banks are obliged to hold 30 per cent [redacted] their deposits in government paper. Provided government bond rates reflect positive real interest rates, banks will make money. [redacted] those holding [redacted] bonds enjoy tax exemptions, [redacted] encourages banks to hold treasury paper to reduce their tax liabilities.

Over the past six months, the industry has been preoccupied with a tug of war between the central bank and the government. Under Mr Rüşdü Saracoğlu, the [redacted] bank [redacted] keep interests [redacted] high to protect the currency and the government was keen to see rates drop to [redacted] investment. "No one [redacted] to [redacted] a deposit of more than [redacted] months," [redacted] leading banker.

Investment [redacted] suffered, with private [redacted] investment falling in 1991 for the [redacted] time in a [redacted]. This [redacted] in [redacted] shift in bank loan books with the emphasis increasingly on consumer credit rather than on lending [redacted] manufacturing industry.

Some economists [redacted] concerned at the recent proliferation of [redacted] banking [redacted] to [redacted] banks and new foreign banks. Another imponderable is the [redacted] the [redacted] buying [redacted] on bank balance sheets as Turkish banks [redacted] up [redacted] operations in Europe and the US. The more conservative [redacted] Turkish bankers dismiss the move as a fad.

[redacted] richer prospect [redacted] merger and acquisition business. Many in the industry expect corporate finance work [redacted] take off in [redacted] few years as Turks search out [redacted]eign partners and foreign investors take direct equity stakes to [redacted] more management control over Turkish businesses.

Today, bankers wait to see how the new government will flesh out its proposals on tax reform and improve the efficiency of the state sector companies. One banker warned that the changes proposed [redacted] the new government, in [redacted] the prudential ratios, could [redacted] the [redacted] term increase banks' funding costs.

The first task will be to reduce the demand for treasury financing. By increasing the financial disciplines of the state sector, the government hopes to cut the deficit. Only then will the government tackle the question of banking sector reforms.

John Murray Brown

Banks broaden their horizons

Building ties overseas

NO longer content with their insulated domestic market, Turkish bankers are dipping their feet in international waters, embarking on joint ventures and acquisitions in Europe and the US.

The country's banking sector has become visibly more sophisticated in the past few years. The potential for growth in retail banking, with the introduction of credit cards and automated teller machines, was one incentive for Turkish banks to build ties abroad.

At the same time, a surge in foreign trade made Turkish businessmen, constantly on the lookout for cheaper financing, aware of different products offered on international markets.

According to Turkey's Banks Association, Turkish groups now control seven banks in western Europe and three in the US. It is no coincidence that their main activities are trade financing and foreign exchange transactions: these are the two areas where banks in Turkey have recently found it easiest to make money.

Foreign bankers in Istanbul dismiss the suggestion that Turkish expansion abroad might affect their own flourishing trade financing business. They acknowledge that by raising their pr[redacted] through a foreign presence, Turkish banks can effectively increase their funding lever[redacted] "A Turkish bank in Paris can get franc deposits from other Paris banks much more easily than in Turkey, even if it's only a small operation," says a foreign banker.

Central bank supervision in Turkey is tighter than in the past. By 1993, the banks' capi[redacted] adequacy ratios must be brought up to in[redacted]tional levels and for the past three years, banks' accounts have been externally audited.

The preference shown so far for European Community countries reflects the belief of some Turkish bankers that gaining a foothold in Europe in advance of [redacted] single market will give them a competitive [redacted] later in the 1990s.

However, some institutions [redacted] Ziraat Bankasi, the [redacted]rolled agricultural [redacted] keen to establish a [redacted] international net[redacted]. [redacted], Turkey's biggest commercial bank, has transformed itself from an unwieldy state credit agency into an outward looking modern institution under Mr Coşkun Ulusoy, a US-trained banker. Deutsche-[redacted] Bank, Ziraat's joint [redacted] Frankfurt with a local bank, with capital of DM33m, is intended to provide advanced financing assistance with the initial aim of securing a larger slice of German-Turkish trade than a Ziraat branch could aspire to on its own. Ziraat is also making a US acquisition, taking advantage of the plunge in share values of [redacted] banks, as well as preparing joint ventures in Soviet republics.

Three other Turkish banks, two state-owned and one private, have together targeted the French market, setting up a joint venture in Paris with Banque Worms which is capitalised at Fr80m. In addition to trade financing, the new institution, Banque de Bosphore, offers investment banking and capital market services. Like its Frankfurt counterpart, it also aims at servicing a large community of expatriate Turkish workers.

The privately-owned partner in the Paris venture, Finansbank, last year made the first Turkish bank acquisition in Switzerland, acquiring a moribund institution, PGB Privatbank Geneve, that had done very little business during two years in operation.

Mr Husnu Ozyegin, who founded Finansbank four years ago, has a reputation for being one of the most aggressive of younger Turkish bankers. His Swiss acquisition, seen as a launchpad for doing business with eastern Europe, has the advantage of being able to offer anonymity for customers under Swiss banking law.

At Iktisat Bank, another private institution, Mr Erol Aksoy is tracing a similar path, with acquisitions in France and the US.

Iktisat holds a 75 per cent stake in Banque Internationale de Commerce (BIC)in Paris, with paid-up capital of Fr70m. Last year it paid $8 (eight) to take control of Park Avenue Bank, a New York institution with an unsuccessful record in private banking. Under Mr Aksoy, Park Avenue is focusing on specialised trade finance, offering a range of services to East Coast exporters.

"Our strategy is half local business, half international. We prefer to act as lead manager in the syndication market, keeping only a small part of the Turkish risk on our books," Mr Aksoy says.

However, foreign acquisitions have not always been plain sailing for Turkish banks. The Çukurova group, an industrial conglomerate which owns four banks – including one in Germany – was the leading bidder for British and Commonwealth Merchant Bank (BCMB) after its collapse in 1990. But the deal collapsed [redacted] two British clearing [redacted] showed reluctance to roll over their interbank deposits with BCMB in order to provide it with liquidity.

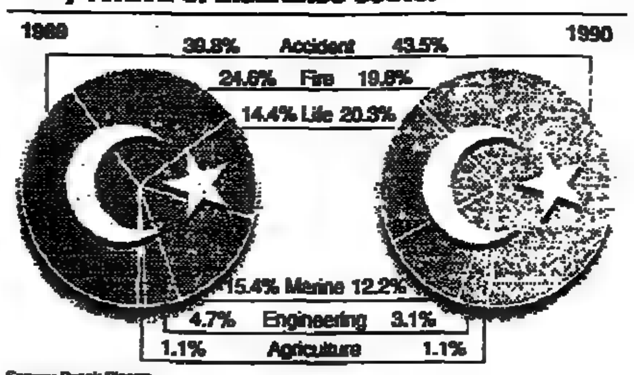
Iktisat, too, had its share of difficulties in Britain. When it became clear that Bank of England approval would not be forthcoming for a BIC branch in London, a trade finance company was set up instead.

"We decided to start doing business in London anyway, establishing a presence and getting to know the market. We'll be applying for branch status early in 1993," Mr Aksoy says.

Kerin Hope

Compulsory third-party individual accident insurance has been introduced for buses

Composition of insurance sector



Source: Basak Sigorta

■ INSURANCE

Alarm bells are ringing

SOME sectors of the Turkish insurance industry probably wish they had been able to *take out storm-damage policies* of their own. The industry [illegible] been going through a period of rapid change with the injection of a strong element of competition through the abolition of the tariff regimes.

But the new element of competition, while freeing the industry from the shackles of tariffs, has set alarm bells ringing as companies warn of the effects of price-cutting.

The price-cutting is squeezing margins and could, according to those in the industry, lead to company failures. As one foreign observer put it: Only the fittest will survive.

The companies are doing battle in one of the least developed insurance markets in the world. As such it offers great potential.

Mr Süphan Altinordu of insurance group Merkez Sigorta [illegible] only 10 per cent of insurable risks are insured despite the rapid growth in premium income terms in recent years. In addition, per capita direct premiums stood at only around $14 in 1990.

The insurance sector as whole netted about TL2,200bn in direct premium income last year which adds up to an average rise of well over 100 per [illegible] in current prices and [illegible] 50 per [illegible] terms.

But in the first half of this year the figure had shot up to TL1,900bn, a leap of more than 91 per cent. Business was heavily weighted to the non-life side.

Of last year's total, however, foreign companies [illegible] for only a relatively [illegible] ment, which some figures put *as low as 8-9 per cent of direct* premium [illegible].

The raft of changes instituted last year were aimed at liberalising the sector, which had been constrained by government-imposed tariffs, and at strengthening the companies' financial positions.

The measures included the abolition of the tariff regime on all non-life branches, excluding compulsory insurance, and freed accident, engineering, agricultural, fire and marine insurance.

There were increases in the categories and premium rates for compulsory insurance and health insurance was deemed a separate branch of the business. In addition, compulsory third-party individual accident insurance was introduced for buses.

To strengthen the [illegible] the minimum capital requirement has [illegible] hoisted to TL15bn from TL5bn, while the authorities have limited maximum premium income to four times shareholders' equity, a constraint which is hitting some companies.

The notorious motor sector, a veritable sink according to one observer, has seen changes which were sorely needed in view [illegible] the [illegible].

Premiums for Trafik or basic third party insurance had been very low given the number of claims and the average standard of driving. Rates have now been lifted sharply and will be regularly reviewed.

Some stress, however, that [illegible] the changes [illegible] create a healthier and more competitive sector they have been introduced too rapidly.

Mr Faruk Omrüuzak, general manager at [illegible] Sigorta, said: "I think we needed a tran[illegible] period. [illegible] companies are making very big rate cuts. It is hitting industry profits and I think some (companies) will be affected very badly."

His warning is echoed elsewhere in the industry. In its annual report, the insurance group Basak Sigorta said of the dismantling of the tariff system: "In the short run, extreme competition poses the danger of undermining the financial stability of the sector." In the long run, however, it saw a stronger industry developing.

Mr Murat Kortan, assistant superintendent reinsurance at Basak Sigorta, said he foresaw rationalisation taking place as some smaller companies either disappeared or were merged with their bigger brethren.

[illegible] over [illegible] instability in the short-term has also to be viewed against other problems. [illegible] customer. [illegible] Mr [illegible] "People [illegible] planning or saving."

Admittedly, high inflation is a disincentive to both. But, he pointed out, many Turks have never regarded insurance as important.

The attitude to fire insur*ance and other safety aspects* reflect the approach of many to insurance and it is in areas such as these that insurance officials believe business could be driven by legislation introducing compulsory insurance.

But once the customer has been found he or she could provide the company with another headache.

An abiding problem has been the late payment of premiums. This has bugged the companies for years and is [illegible] to be running [illegible] 45-60 per [illegible].

At this level, companies' cash flows are being hit hard – something they can ill afford when faced with inflation running at about 70 per cent. Concern over this issue has led some within the industry to advocate an industry-wide code to [illegible] the problem. Such a code [illegible], for instance, [illegible] it a requirement to pay premiums on the inception of a policy.

The situation was aggravated when some [illegible] tried to gain an edge in the market by offering extended periods in which to pay for policies. This added a [illegible] twist to the problem of depleted cash flow.

But action has been taken [illegible] the [illegible] taking out a policy now have to make initial payments of [illegible] complete [illegible] payment [illegible].

The problems are tough [illegible] the moment but the incentives to stay in the market are great. The sector has a long way to go in terms of sophistication [illegible] there is a great deal of scope for development in areas such *as liability, risk insurance* and life.

There should be increasing business in private health insurance because of dissatisfaction with the state system and on the pension side, to augment the state health system. But much of this development [illegible] dependent upon not only [illegible] to provide [illegible] policy instruments but the public to understand [illegible] them. Advertising has been stepped. Mr Kortan says: "Turkey has [illegible] very [illegible] population [illegible] must [illegible] educating them as to the value of insurance." If that can be achieved, then the potential is [illegible] the [illegible] penetration of the market.

Companies [illegible] the life [illegible] as [illegible] ness and [illegible] range of products increase. In the first half of this [illegible] for the industry [illegible] nearly [illegible] per [illegible] to about TL395.6bn, compared [illegible] same period the previous year.

Mr Kortan points out that [illegible] for customers to take out a policy and they [illegible] increasingly seeing the endowment policy [illegible] a savings vehicle.

As for the companies, claims are low [illegible] premiums can be invested with banks at rates which now stood at about 70 per [illegible].

Turkish groups [illegible] already [illegible] on increasing [illegible] qualified [illegible] improving management techniques, such as risk management which [illegible] been neglected in the years of fixed tariffs.

[illegible] says "The [illegible] bright". [illegible] hope [illegible] that the industry will compete through products rather premiums. It is hard to say how far off that day is but for some it may cannot come quickly enough.

Bob Vincent

Kerin Hope reports on the accounting industry

Growing pains linger on

TURKEY'S accounting industry [illegible] still suffering growing pains, [illegible] a [illegible] establishing [illegible] legal framework [illegible] the profession came into full [illegible].

Initial [illegible] international accountancy houses, several of which have built flourishing practices over [illegible] decade, would [illegible] their [illegible] the market shrink now seem unfounded.

However, considerable restructuring [illegible] to [illegible] legal requirements. Turkish rather than foreign [illegible] now [illegible] precedence on company letterheads since the law banned [illegible] Turkish [illegible] from signing a local company's [illegible] sheet. [illegible] themselves [illegible] Turkish companies [illegible] are practising accountants.

"For [illegible] country [illegible] join [illegible] European Community, [illegible] hardly [illegible] in [illegible] right [illegible] is evolving [illegible] quickly [illegible] practices won't suffer."

Turkish accounting does not use the standard accruals convention

[illegible] Turkish [illegible].

The international [illegible] provide [illegible] audits for banks and local subsidiaries of foreign companies, as well as Turkish companies seeking [illegible] in line with [illegible] accounting standards, with a [illegible] obtaining loans in foreign exchange or establishing partnerships [illegible].

[illegible] addition, [illegible] larger Turkish holding [illegible] activities are [illegible] highly diversified, request consolidated figures – not yet required [illegible] Turkish law – for internal [illegible].

The problems [illegible] by administrators trying to untan[illegible] the [illegible] and [illegible] Cypriot operations of Polly Peck International, the UK-[illegible] and *electronics* group, turned the spotlight on some of [illegible] gaps in Turkish accounting.

Turkish [illegible] does not use the standard accruals [illegible] vention whereby [illegible] revenue are assessed in the period incurred, not when paid or received. As the system is designed to accommodate tax regulations, it can often give a misleading picture of a company's financial health.

Tax legislation normally does not allow accruals for slow-moving inventories, doubtful trade debtors and companies' liability for sever*ance or retirement* pay. And Turkish companies' [illegible] do not refer [illegible] deferred income tax payments since their statutory financial [illegible] determine [illegible] income. On top [illegible] that, [illegible] an annual [illegible] no [illegible] made [illegible] inflation, currently running [illegible].

Equally, [illegible] government [illegible] depreciation policy, which [illegible] company's [illegible] flow rather [illegible].

[illegible] law splits [illegible] accounting profession into three categories: auditors, tax consultants and book[illegible]. It provides rules on qualifica[illegible] and [illegible] responsibility. [illegible] a result, [illegible] Turkish [illegible] have [illegible] much [illegible] winning [illegible] Finance Ministry so they can [illegible] practising.

The law also permits university professors of accounting as well [illegible] government [illegible] inspec[illegible] complain [illegible] are unlikely to improve [illegible] the tax inspectors, who form the majority of new entrants to [illegible] profession, [illegible] knowledge [illegible] international accounting principles.

[illegible] hand, in [illegible] as auditors, they [illegible] help the Finance Ministry to [illegible] corporate taxation.

"There [illegible] many companies around like Polly Peck. The family-controlled [illegible] of Turkish business, [illegible] large concerns, means companies *can* [illegible] *exploited by their* owners," [illegible] observer.

The [illegible] laid down stiff pen[illegible] for malpractice, including imprisonment for an auditor who signs an inaccurate [illegible] certification. But it did not [illegible] a professional body or institute that could help bring Turkish accounting in line with international practice.

However, some ground [illegible] being [illegible] by the Capital Markets Board (CMB), the government watchdog for the Turkish [illegible] and investment industry, which [illegible] tightened up reporting requirements for banks and for com*panies listed on the Istanbul* Stock Exchange.

Three years ago, banks were asked to start presenting externally audited balance [illegible] the [illegible]. An [illegible] could [illegible] from a list [illegible] more than [illegible] approved names, including [illegible] international [illegible].

Listed companies also undergo external [illegible] annually, while [illegible] of companies coming [illegible] the [illegible] must [illegible] by [illegible] qualified [illegible].

Hopes for broader change rest with a committee set up last summer

companies [illegible] the bourse now submit interim results, [illegible] they [illegible] audited, disparities can be so [illegible] that, [illegible] the official [illegible] published, [illegible] plain [illegible] being [illegible].

"The CMB-required [illegible] ments [illegible] international practice though [illegible] are incompatibilities in some areas – depreciation [illegible] example, and capitalisation [illegible] foreign exchange," [illegible].

Hopes for broader change rest with [illegible] committee set up [illegible] for local companies and develop a [illegible] of [illegible] standards [illegible] Turkey. But much will [illegible] on how rapidly its [illegible] tions are adopted.

■ STATE SECTOR REFORMS

An uncertain future looms

MR Süleyman Demirel, the prime minister is choosing his words carefully. Reform of the state sector was never going to be easy in a country where "etatism" was once almost a *national religion*.

The government has nonetheless put the [illegible] at the centre of its economic programme – Mrs Tansu Çiller, the *minister in charge*, prescribing a period of rehabilitation rather than a garage sale of state assets.

Mrs Çiller has given herself six *months* to push the necessary laws through parliament. The results may take a lot longer to realise.

In the short term at least, privatisation as set in motion by the outgoing Motherland party government, faces an *uncertain future. As the World* Bank argued in a report last year: "Turkey's privatisation effort has shrunk to being a technique for financing the budget deficit, with the loftier [illegible] of greater efficiency pushed into the background."

The aim of the programme was to [illegible] efficiency in the [illegible] as well as [illegible] the market economy. It also sought to spread share ownership in the economy using the flotation of state companies *to give a boost to* the country's infant stock exchange.

Its achievements have been modest. The sale of minority stakes in public companies raised about $300m in 1990 and is expected to raise a further $600m in 1991. The stock exchange had little appetite for state companies while the block sale of shares to foreign interests encountered legal objections.

Unlike in [illegible] Europe, in Turkey there *has never been a* great political momentum to roll back the frontiers of the state. Indeed, the Motherland party government never *sought to garner a broad con*sensus behind its programmes, pushing ahead using its parliamentary majority.

Even the bureaucrats charged with implementing the programme often [illegible] than happy about a policy whose ultimate aim could be seen to reduce their influence over the economy.

Mrs Çiller's proposals do not rule out privatisation. But her short-term target is for institutional reform of state sector [illegible], *investing funds* where necessary and scaling back loss-making operations.

She faces a formidable task. The Turkish state constitutes a *massive* drain *on national* resources. In all, the government has stakes in 235 enterprises – either majority holdings, affiliates or minority interests – ranging from state utilities to trading and retail operations.

The state [illegible] an estimated 45 per cent of [illegible]

The management will no longer be appointed by the government

fixed investment, although this is much [illegible] than it was 10 years ago.

The internal debt of the public [illegible] – central government subventions to [illegible] their operating [illegible] – is this year estimated at TL18,000, or [illegible] per cent of the public sector borrowing requirement. In addition, the outstanding foreign debt of the *state companies is more than* $4bn.

In the words of one Treasury official, the government could build 10 brand new universities *with the money now used to* keep the Zonguldak state coal corporation running. In short, Turkey can no longer foot the bill.

*Mrs Çiller's plan is to ration*alise the state sector, merging the companies according to their business activity. The enterprises will be consoli*dated as joint stock companies* under the Turkish commercial code and organised under nine new holding companies. The management will no longer be appointed by the government but will be directly responsible to parliament.

Economists [illegible] *quick* to point out the plan's shortcomings. For one thing, the programme appears not to cover the main loss-makers – the state railways, the [illegible] telecom company, the power utility, the tobacco and alcohol monopoly and the Turkish grain board. Together, these are said to account for 90 per cent of the state corpora*tions' total deficit. With these* enterprises still controlled by their respective ministries, the problem of political interference will remain.

*Even the more limited objec*tive of improving the management could meet with legal objections. According to the constitution, all managers of *state companies have to be* civil servants, answering not to the commercial code but to civil service law. The idea of public sector managers being *motivated by a profit incentive* has still to take root.

The plan has clearly been [illegible] as much by political as economic and commercial considerations. No government minister, [illegible] in a fragile [illegible], [illegible] to take *responsibility for laying off* thousands of workers. That decision would, under the new arrangement, be left to parliament. Zonguldak, for example, employs more than 50,000 men. The state [illegible] as a whole employs almost 500,000.

Prime Minister Süleyman Demirel: choosing *his words carefully*

Picture: Terry Kirk

There could also be *opposi*tion within the coalition. On two occasions this year, the Council of State, the highest court of administrative law, has ruled to annul the sale of state enterprises.

It was Mr Demirel's own *True Path party, DYP, which* raised objections when the old government sold five cement companies to a French concern in [illegible], a [illegible] which has still not been fully resolved in the courts. The constitutional court ruled that the sale was *illegal*, arguing that it contravened the terms of a 1987 decree which gave priority to domestic buyers.

Privatisation suffered another setback in November when the Council of State ruled against the 1990 sale of *Usas, the airport caterer*, to the Scandinavian Airlines System. On this occasion, it was the a deputy from the *Social Demo*cratic Populists, the SHP, who first filed the suit.

The SHP is now opposing plans to sell the distribution companies of Tek, the power utility, to domestic buyers.

The sale was one of the con*ditions for a* $300m World Bank loan to restructure the state concern.

With the DYP and SHP in coalition, the chances for further sell-offs appear fairly bleak. But then as one Turkish economist put it: "What you do *in opposition is one thing. In* government, people act differently."

John Murray Brown

Kerin Hope on the car manufacturing industry

Enjoying dynamic growth

LOOKING out of a taxi caught in one of Istanbul's frequent traffic jams, the impression is of being surrounded by an army of trim but old-fashioned *saloons*.

If their shapes [illegible] familiar, it is [illegible] the [illegible] popular cars in Turkey are *locally* made versions of the Fiat 131 and Renault 12. The Turkish car industry is enjoying dynamic growth, with total *sales forecast to rise above* 230,000 units this year; a 40 per cent improvement over 1990. Industry analysts predict that [illegible] the end of the decade the domestic *market* will absorb 500,000 [illegible] a year.

To [illegible] in demand, Fiat and Renault have rushed to expand their plants at Bursa in south-west Anatolia, introducing more up-to-date models. But competition is expected to intensify with the arrival in Turkey of a Japanese car maker.

Toyota has launched a $400m joint venture with Sabanci, a *leading Turkish* conglomerate, to produce the 1.6-litre Corolla at a greenfield [illegible] Adapazari in north-west Anatolia.

Sabanci holds a *50 per* [illegible] in the venture, while Toyota Motor Corporation and *Mitsui* Corporation have [illegible] and 10 per cent respectively. The project was delayed by difficulties in finding a suitable site within easy reach of Istan*bul, the main Turkish market* with one third of total car sales. The first Corollas are now expected to roll off the assembly line late in [illegible]

Meanwhile, a network of Toyota dealerships is being established around the country with the *aim of* whetting the Turkish consumer's appetite through a steady supply of imports, both of the Corolla and other Toyota models.

Japanese cars already head the list of imports, which have [illegible] sharply after tariff cuts *in 1989 enabled them to com*pete with locally produced models. With duties now set at *39 per cent, imports* account for almost one quarter of total sales. But further import penetration, particularly by European models, could be *restricted* by [illegible] parts and after-sales service, according to industry analysts.

The Toyota factory is intended to make 100,000 [illegible] a year, although it will take up [illegible] reach this target from 12,000-15,000 units *in the first 12 months of pro*duction.

The Corolla's engine and transmission system will initially be imported, probably from Toyota's UK plant. A parallel factory to manufacture electrical components is *planned at Adapazari*; eventually about 70 per cent of the car will be local production.

"It's not realistic to try (to produce a 100 per cent Turkish-built car," says Mr Ozdemir [illegible]. "But the difference in import duties between *built-up* cars and auto components is not very big, so we need to be operating at full *capacity before we can become* profitable."

Although wages in the Turkish auto industry have risen by about 30 per cent in the *past year*, approaching southern European levels, automation along Japanese lines is not a priority, according to Mr Sabanci. While assembly lines will be fully computerised "robots would be introduced only gradually as we gain experience." *In fact* the Corolla, aimed at a small but growing number of Turkish consumers looking for a more powerful and stylish car, is not expected to capture much more than 25 per cent of the local market.

"But just to maintain that percentage we would probably have to expand as soon as we reach full capacity," Mr Sabanci says. "There will be plenty of room for other manufacturers."

[illegible], little has been heard *of a $400m* project by Peugeot and Citröen to produce the Peugeot 405 at a plant near Izmir on the Aegean coast since the collapse of Polly Peck International, the third partner in the venture.

Production of the Opel Vectra by General Motors of the US is underway at a plant at Torbil near Izmir. A total of 5,000 cars – half the *factory's* annual capacity – will be shipped this year to France, Italy and Spian in an $80m export deal.

Exports tend to play a secondary role in an industry based for years on import substitution. But Renault last year sold $90m worth of cars, including a shipment to the Soviet republic of Moldavia. This year, Fiat expected to earn $18m from sending 3,000 completely knocked down kits (CKDs) for assembly in Egypt.

Fiat, in a joint venture with the local holding group Koc, dominates Turkish car sales, with a 57 per cent share of the market.

The Turkish car industry: total sales are forecast to rise above 230,000 units this year

"Most Turkish consumers still choose a roomy family car, but we think demand will grow both for an executive car *and for a smaller car for* young people and city driving," says Mr Ugurman Yelkencioglu of Tofaş Oto, the Fiat distribution company.

Fiat will have *spent* $400m by next year on increasing plant capacity to produce the 1.6-litre Tempra. An additional $590m investment is planned to bring two more models into full production by 1995. These *are likely to be the Tipo hatch*back and a new small car, the successor to the Fiat 600.

Fiat expects to produce 110,000 units this year at Bursa, rising to 200,000 over the next three years. Almost 12,000 Tempras have been sold *since production started* a *year* ago, competing with the locally produced Renault 21 and imported Toyota Corollas. Within a few months the Tempra engine will be produced in Bursa, an important development in Fiat's strategy.

"Putting the Tempra engine into all the 131 models will allow us to introduce catalytic converters and prolong the life of this range," says Mr Franco *Grimme, the plant manager*.

Including the engine, the Tempra will have 80 per cent local manufacture. This compares with more than 95 per cent for the 131 series, for which only the carburettor, camshaft and a few electrical parts are *imported*. Twenty years of car-making in Bursa has spawned a network of local components suppliers, sometimes in co-operation with foreign manufacturers.

With only 1.8m privately-owned cars in a country of 57m people, the car producers feel confident there is almost unlimited room for growth.

■ THE STOCK EXCHANGE

Intent on expanding its services

AS ONE Istanbul broker put it: "We have more time [illegible] days in [illegible] the delights of the Bosporus." But that was *before the formation of a new* government in Turkey breathed some life into a [illegible] Istanbul stock exchange.

Turkey's newly formed coalition government has promised to curb public spending and [illegible] the stagnant economy. It also pledged to diversify capital [illegible] instruments which is welcome news to the exchange.

On November 26, shares shot up to an eight-month high in a rush of buying that lifted the *market 21 per cent in two days*. The 75-share index soared 10.32 per cent to 4,544.02: the highest [illegible] March 27 when it [illegible]

As well as the hopes for lower interest rates, the bourse was looking to possible tax changes to [illegible] equities and the return of foreign investors.

Mr [illegible] Kovaci, an official at the stock exchange, said that foreign and small investors had been attracted back to the market which by early *December had stabilised after* the recent surge. However, he said, the augeries were good.

The market's price earnings ratio at December [illegible] and [illegible] traded had jumped to TL31,300bn; double the amount *at the same stage last year*.

[illegible] the formation of the government coalition, the [illegible] exchange had taken on an unwelcome and uneasy calm. Little new money was coming in and the ISE 75 Index had taken a dive from which *some* [illegible] *it would* take a [illegible] time to [illegible]

The key, Istanbul brokers were saying, was the [illegible] of a new government. Once that had been achieved, the hope was that the exchanges's *ISE Index* would start to take off again – as [illegible] it did.

The market had declined significantly, said Mr Kovaci. Small investors had [illegible] the stock exchange and had either put their money into the banks where they could earn more than [illegible] per [illegible] interest on [illegible] deposit accounts, or into foreign currency.

The market, he added, had become extremely [illegible] to political events and concern over the economic fundamentals was keeping investors away.

In addition, foreign investors had avoided allocating fresh funds, which further depressed the market, said Mr Sinan Arslaner, manager at Tekstilbank.

Brokers looked back with *fond memories* on the heady days of 1989, a vintage year when the exchange managed to put on [illegible] on all fronts. During that year, the average return was more than 500 per cent on leading stocks.

Last year also had its [illegible] The *ISE* [illegible] to a record high of 5,749 in August, ironically just as Iraq invaded neighbouring Kuwait. But the shock-waves from the *war dragged down the market*, leaving the index at [illegible] at the year end.

Since then the economy has been putting on a relatively lacklustre performance and political [illegible] the war.

The election in October produced a temporary political [illegible] there was little incentive to invest. Short-term speculation became rife while the long-term investor [illegible] on the *sidelines until* a coalition had been formed.

Mr Yilmaz [illegible] of the Istanbul brokers Rehber Menkul Kiymetler said that the instability had hit the market hard; so hard that it had almost returned to its [illegible] level.

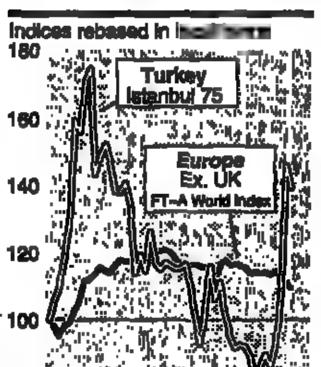
He believed the cheapness of blue chip stocks might in itself be *sufficient to bring back* [illegible]. Once the upturn [illegible] he predicted that it would be strong [illegible]

The developing Istanbul stock market – it was opened in its present form in 1986 and to foreign investors in [illegible] – has certainly displayed vigour in its early years. It has had to faces challenges presented by the changing economic and political environment and those of a more elemental nature.

Turkey's high inflation – now standing at about 70 per cent – is [illegible] mettle. [illegible] inflation has resulted in the stock market having to compete with increas*ingly high bank interest rates*.

The ISE has in the main succeeded in performing well against [illegible] bank deposit rate, but last year it was just beaten by the banks.

Helping it to counter the high bank [illegible] several factors, including the absence of capital gains tax, no dividend withholding tax and no stamp duty. An added incentive to the foreign investor is that earnings can be freely remitted overseas.



Source: Datastream

It has also had to absorb the government's privatisation [illegible]. Last year the Public Participation Administration (PPA), a government body *responsible for privatisation*, made bulk sales of six blue chip [illegible], causing indigestion in the market.

Mr Arslaner also pointed out that some issues had been too highly priced, for which he blamed the lack of consultation with the [illegible]

The tempo of privatisation which was introduced in part to boost the infant market has, however, slowed markedly this year as a result of the torpid state of the stock market.

Mr Kalkavan believes that initially the process of privatisation had been too fast and that because of this any weakness in the market would be exacerbated. But, he added, the government had improved its technique.

One benefit of the slowdown in market activity was that the [illegible] was [illegible] to catch its breath. Since it is still a physical [illegible] rush of *trading put great pressure on* the system and this is an issue which is being [illegible] by the authorities.

At the end of October the number of companies trading on the exchange had risen to 133 and this is set to rise. The expansionist [illegible] *are laudable* but those working in the market realise that it will have to improve its facilities, both in terms of accommodation and the dealing system, *if it is to* achieve its ambitions.

Last month at a conference of fund managers in Istanbul, some of these problems were highlighted. The exchange was urged by fund managers from [illegible] brokerage [illegible] to *improve its* [illegible] *service*, automate trading and improve the disclosure of company figures which, they said, lagged behind international [illegible]

Fund [illegible] complained [illegible] investors and called on the authorities to take action to improve *institutional investment*.

Such a move would go some way to answering criticisms from some quarters that the *exchange has no* market-makers and is being manipulated by those who commit money for short-term gains.

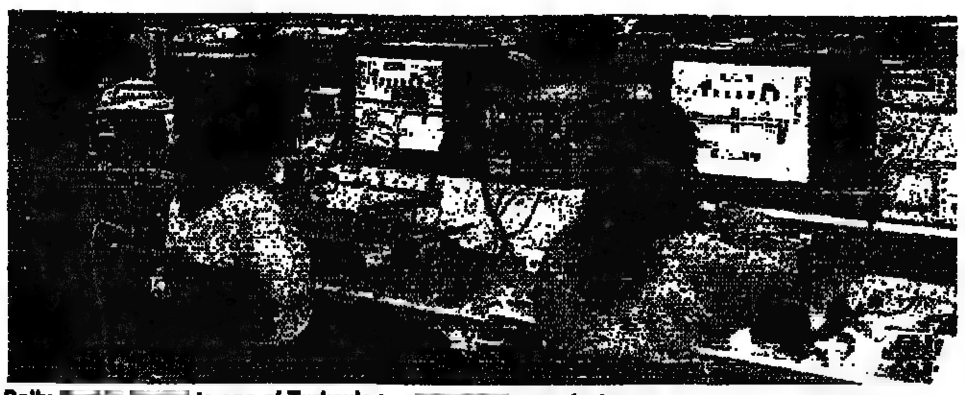
The exchange is looking at these problems. It intends to move to a new building but progress has proved slow, and it is earnestly pursuing negotiations with the Vancouver exchange on a computer-based system which *would improve its efficiency* and facility expansion.

It is also working on new requirements for capital adequacy for brokers. There is concern in the exchange that some brokers could be in trouble following the market downturn. *It is estimated that* the 10 top brokerage [illegible] *account for 70 per cent of* trading – which in the recent market downturn leaves slim pickings for the remainder.

Nonetheless the market is intent on expanding its services. Officials are looking at forward and options markets, the introduction of investment instruments for gold and other precious metals and at expanding capital markets operations.

Computerisation is obviously a key to some of these ambitions but this will have to go hand in hand with developing the market's *regulatory system and building* up a bedrock of institutional investment.

Bob Vincent



Polly [illegible] is one of Turkey's top [illegible] manufacturers. Picture Terry [illegible]

Bob Vincent examines the electronics industry

Looking overseas for new business

TURKEY'S electronics industry is increasingly looking overseas for business. The industry, which was worth $2bn-plus last year, has been extending its tentacles overseas. As Mr Mr Cefi Kamhi, general co-ordinator at the Profilo conglomerate, put it: "Domestic demand is not enough for our ambitions."

Such a statement is an indication of how far the [illegible] has come from the [illegible] when the government identified the need for an indigenous *electronics industry. The* [illegible] dations were largely laid through licensing deals with foreign companies which provided the know-how and materials for the assembly of a range of products.

Turkish companies and their foreign partners were thus able to launch the industry with the latest technology and without the burden of old investments. Turkey has also provided a [illegible] of relatively cheap labour, although [illegible] are rising.

The foreign links, both commercial and technical, have been and in some cases still are integral to the growth of companies such as Polly [illegible] Vestel, which is [illegible] through a tough period, Profilo and Koç which dominate the [illegible] goods side.

But the Turkish [illegible] have ploughed money into improving production techniques and into [illegible] parts manufacture which is particularly strong in the high-growth white goods [illegible] where Koç's Arçelik and [illegible].

The leading Turkish electronic [illegible] they are regarded as [illegible] operators of screwdriver plants. Those in the industry now see things differently, pointing to the growing sophistication of their operations and the increasing [illegible] of money being [illegible] on research and development.

Mr Kamhi, for one, maintains that his group imports no more than any other leading [illegible].

Mr Muvaffak Gözaydin, [illegible] of Koç's Bekoteknik, said they aimed for a mixture of local and imported parts which would give them quality at the right price so that they could more than hold their own in the domestic market and build up export [illegible] which were increasingly important in maintaining [illegible] of scale.

On the telecommunications side, the government has spurred rapid growth through the state monopoly of the Post Office and Telecommunications Organisation which has established joint ventures with Alcatel of France and Northern Telecom of Canada.

The size of the market is indicated by the fact that last year the PTT invested about [illegible], but there is still a long way to go. The number of subscribers was lifted [illegible] by the end of last year yet the number of lines per 100 [illegible] was still at a relatively low 13. Investment, therefore, should be set to continue apace, providing there are no government [illegible].

[illegible] beneficiary will be Teletas, formerly a part of PTT which was floated on the stock-market in 1987. Ninety per cent of its sales are to the PTT, but it is anxious to reduce this dependence, to protect itself against any spending cutbacks, and to this end is seeking to increase exports. [illegible], a subsidiary of Northern Telecom which has developed a design capability, has been pushing up its exports.

The consumer side of electronics is, however, no stranger to exports. Last year, for example, exports of televisions jumped to 1.2m, a threefold increase on 1989. The white goods sector, dominated by Arçelik and Profilo, is estimated to have exported about 10 per cent of production last year.

Turkish companies are intent on building up their overseas [illegible] although the [illegible] on which they have a tight grip would be sufficient to have many salesmen jumping for joy.

They are sitting on a market with substantial potential which should provide a firm base for their export ambitions and they are protected by tariffs on finished goods which average about [illegible] per cent, although these are gradually coming down.

It is a large and [illegible] market [illegible] – Turkey's population is more than 57m, half of whom are under 20 – and the market is far from saturated. For example there were, according to one estimate, only 97 refrigerators and [illegible] television sets per 1,000 [illegible] in [illegible], well below [illegible].

The leading companies [illegible] exploit the market through networks of dealerships and [illegible] by banks with packages of their own, cheaper loans.

In their search for [illegible] markets, companies have been knocking on doors in countries far beyond those regarded as being in the captive areas, such as the Middle East and neighbouring countries. Western and eastern Europe and the US are targets.

Bekoteknik, part of the Koç group, is one of the top TV manufacturers, along with Vestel and Telra. Last year it doubled the number of units it turned out to [illegible], while exports to Europe [illegible] to more than [illegible]. The company, which produces under its own and other Koç brand names, manufactures and assembles [illegible] and [illegible] and video and audio equipment. It also makes [illegible] registers.

Mr Gözaydin said the company was exporting to the Middle East, North Africa, the Soviet Union and Europe about [illegible] per cent of turnover, mainly TVs. Overall turnover this year should should be well over $400m.

He added that the company was continuing to build up sales in the European market. The US was another target, although it was a keenly competitive market, and the company was in talks [illegible] for the possible sale of its sets, which would provide the company with the volume, albeit at slimmer margins.

In addition, the company was building a TV plant in Algeria with a potential capacity of [illegible].

Mr Gözaydin stressed that they were keen to win regular orders so they could plan investment and run their plants at full capacity.

The build-up of manufacturing would, he pointed out, have a knock-on effect on the indigenous parts manufacturers which also required volume in order to be competitive.

The company, he said, was stepping up money spent on research and development to about [illegible] per cent of sales; nevertheless this was well below the [illegible] average which he put at [illegible] per cent.

Profilo, with a web of companies producing telecoms equipment and white and brown goods, exports to well over 30 countries and has developed strong links with a range of foreign companies. These include AEG of Germany, Thomson Consumer Electronics of France, which takes in Telefunken and [illegible] brands, Singer of the US, Olivetti of Italy and Sony of Japan.

The company has built a large manufacturing complex at Cerkezkoy and continues to pump in money in the shape of all the latest technology, including robots and other computerised machines.

Last year it spent TL100bn modernising its white goods PEG Profilo plants, and Mr Kamhi said they were continuing to invest in new machinery and plant totalling another TL100bn.

Last year, Profilo produced 320,000 TV sets of which about 100,000 were exported, and this is on the rise.

Mr Farzad Kuchani, general manager at Profilo's Telra, said the group would have to export TVs to run their plants to capacity. Over 2½ years the company has invested TL150bn [illegible] of which [illegible] completed.

He said the group had concentrated on the European Community market but since this market was getting tighter they were looking to the east European countries which the company regarded as an increasingly important market, and to the US.

The company has set up a factory in Poland through a long-established relationship there. This would produce TVs, audio and video products and cash registers and it expected to [illegible] some white goods there.

He added that the company and Thomson were looking at further ventures in eastern Europe.

The sector is thus setting itself ambitious goals, with the companies confident they can remain competitive in [illegible] tough markets. Doubtless they have achieved a great deal, not least in the quality of their products.

Some analysts point out, however, that inflation has shielded inefficiencies within the industry which, said one, has sought to drive up production while not making similar advances in efficiency.

In addition, Turkish companies may have to do battle in foreign markets against a background of continuing high inflation, higher wages [illegible] and an increasingly competitive [illegible].

They must also be looking to the new government to pursue an economic policy which will keep buoyant that all-important domestic demand.

■ THE SEED INDUSTRY

Well established

TURKEY'S seed industry has established firm roots in the country, with the private side of the industry – nurtured by foreign companies – taking a growing slice of the market.

The increasing influence of the private operators arrived with a new emphasis on the agricultural [illegible] which had tended to play second fiddle to the industrial build-up on which the Ozal administration had been concentrating.

In the early 1980s, the government began to open up the sector. A policy of liberalisation began in which the administration moved away from price [illegible] for farmers and allowed more imports.

It also encouraged the introduction of new seeds. This was integral to the development of an efficient agriculture industry which was required to feed a growing population and which accounted for [illegible] per cent of exports in 1990.

The government then began to place increasing emphasis on the private [illegible] which in 1985 accounted for only 1.5 per cent of [illegible] seed production. Foreign companies started to move in, seeking local partners. With them they brought the hybrid seeds, with corn and sunflower leading the way. These seeds enabled farmers to improve production and quality.

Until then, hybrid seeds were virtually unknown in Turkey, except for a few varieties which had been smuggled in through the "suitcase trade".

Foreign companies were attracted by the climate, relatively cheap labour and the sales potential in Turkey. Mr Alev Kutay, an agronomist and *sub-division manager*, at *Ciba-Geigy* in Izmir, said: "Things were tough when the gates were opened in the early [illegible]" as the industry adapted to a new environment.

Until the advent of hybrids farmers had been using seeds they had saved from their crops so there was therefore a seemingly enormous potential for the foreign companies know-how, backed by their research and development resources.

There are now about 20 foreign companies operating in the country in collaboration with local enterprises. These include Ciba-Geigy, Pioneer, Sandoz, Interstate, Cargill and Dahlgreen. They are mainly US, French, Dutch and German concerns, and between 1985 and [illegible] they have made considerable progress.

1986 was *a landmark* year with the [illegible] of the Seed Industry Association, set up to establish a [illegible] sector and represent the interests of the private companies. Since its inception it has grown rapidly in size and influence. It deals with issues such as registration, certification of seeds and production, and holds regular meetings with the Ministry of Agriculture.

In [illegible] this organisation, whose members now account for the bulk of private [illegible] production, accounted for just

He warns that after the initial rush and expansion some companies may be forced to withdraw

[illegible] per cent of total seed production. There was an almost corresponding decline in [illegible] production.

There are still private producers outside the industry association, but their production [illegible] amounted to only just over 1 per cent, mainly concentrated upon potato and vegetable seeds, according to the ministry's figures.

The government agencies are still dominant in areas such as cotton, rice, wheat, barley and chick peas. The industry association growers, however, have taken a commanding position in the *production of seeds for several* crops.

In [illegible] they were responsible for [illegible] per cent of soya [illegible] production, [illegible] 96 per cent of hybrid maize, 99 per cent of hybrid sunflower and nearly [illegible] seed potatoes.

The private sector also grew the entire lentil seed production and more than 71 per cent of vegetable seed.

Mr Kemal Çetin of Dahlgren-Hayat in Izmir started [illegible] operation, of which he owns [illegible] per cent, in 1988. It produced 100 tons of sunflower [illegible] last year and it is [illegible] to [illegible] this to 300 tons.

He sees the market continuing to expand but [illegible] that after the initial rush [illegible] companies may be forced to withdraw. He predicts that the 40 or so now operating could even fall to 10.

Irrigation projects such as the massive South East Anatolia GAP which will irrigate an area of 170,000 hectares could further expand the private sector's market for all crop seeds. Although some seed growers believe that the ambitious project will not be all plain sailing.

Inflation is a problem for the producers, given that producing seeds is a lengthy process and therefore there is no quick return on investment. In the first year the seed is tested, in the second the parent line is increased and in the third the hybrid is produced and sold.

In addition, farmers can now afford to be more selective since there are so many varieties on the market – for example there are about 20 varieties of sunflower. This has led to increased competition. Hence the warning about a reduction in the number of companies in the private sector.

Mr Kutay at Ciba-Geigy, which specialises in corn seed used mainly for feed stuff, is bullish about the future. Three quarters of the operation's production is exported, mainly to the European Community.

In [illegible] the company produced 1,000 tons of seed and this year it hopes to increase this to 1,400 tons.

Mr Kutay says the quality of Turkish seeds are acknowledged by its EC customers, although they have yet to be sold in many markets. Nevertheless Mr Kutay maintains that Turkey has the potential to challenge the US seed exporters in the EC.

"The average seed yield in Turkey is greater than in the US and EC." The erratic weather in the US was also hitting seed growers, he added. The US could, therefore, become an unreliable seed supplier, especially if predictions about the [illegible] effect were correct. He said that already US growers were having difficulty meeting some commitments because of unexpected weather conditions in the past three years.

Bob Vincent

Venezuela raises bauxite output by 170 per cent

By Joe Mann in [illegible]

VENEZUELA'S production of bauxite – *aluminium ore* – nearly trebled this year and another large [illegible] predicted for 1992.

Mr Gabriel Medialdea, president [illegible] Bauxiven, the state-owned company that operates Venezuela's only bauxite mine, [illegible] that ore production for 1991 reached *a record 2.1m* tonnes, [illegible] than 170 per cent over [illegible] output [illegible] 771,000 [illegible] And he predicted that production would rise [illegible] 3.5m and 4m [illegible] in 1992.

All of Bauxiven's output [illegible] to Interalumina, a Ven[illegible] plant that produces alumina (aluminium oxide) [illegible] *the country's* [illegible] *aluminium* [illegible].

Bauxite production in 1991 [illegible] dramatically [illegible] pany [illegible] work *more* [illegible]ciently with provisional mining and [illegible] transportation equipment. Further [illegible] – to 3.5m tonnes or more – will [illegible] possible by June [illegible] next year once *the* company's [illegible] crusher (1,600 tonnes a year) and new systems [illegible] transporting and storing bauxite ore are in full operation, the Bauxiven president said.

When the 3.5m to 4m tonnes-a-year production level is reached, the government will decide [illegible] move toward a second-stage target [illegible] 6m tonnes [illegible] year.

During 1991 Bauxiven *invested* [illegible] *in its mining* operations, located in a jungle *region in south-east Venezuela.* [illegible] for [illegible] projected [illegible] around $86m. It claims proven bauxite deposits of 200m tonnes [illegible] its mine site in Los Pijiguaos. Probable [illegible] at the [illegible] are esti[illegible] at 5bn tonnes.

■ Bauxite exporters have been advised, *by their international* industry body, against *increasing* [illegible] *price* [illegible] (in relation to the aluminium *price) on* [illegible] *they will sell* [illegible] next [illegible] Cannute [illegible] *Kingston.* The [illegible]national [illegible] Association *has recommended, however,* a [illegible] in [illegible] price coefficient for [illegible]. The association's recommendations [illegible] not binding on [illegible] members, which account for most of the world's bauxite production.

The IBA said at its head*quarters in Jamaica that it* was advising its members that the minimum price per tonne for base grade metallurgical baux[illegible] sold in 1992 should be between 2 per cent and 2.5 per cent of the composite reference price for aluminium ingot. This is the same formula as it rec*ommended for 1991 sales.*

However, the IBA suggested that its members [illegible] the price coefficients they will operate next year for alumina. It said the minimum price of metallurgical grade alumina sold in 1992 should be between [illegible] and [illegible] per [illegible] the composite reference price [illegible] aluminium ingot.

The IBA's members [illegible]tralia (which recently *announced that* [illegible] *leaving* the organisation next year), *Ghana, Guinea, Guyana, India,* Indonesia, Jamaica, Sierra *Leone, Suriname and* Yugoslavia. It [illegible] members [illegible] the western world's bauxite production.

Farming fish in the middle of the Pacific

Fiji has one of the world's fastest-growing aquaculture sectors, writes **John Madeley**

IN A north west corner of *Fiji the headman of an* inland village called Rara is a happy man as he presides over a harvest ceremony with a difference. For the first time in Rara's history, the villagers are enjoying fish that has been *farmed from their own village* pond.

Six months ago a 250 square metre pond was dug in Rara to give the village its own fish farm. The 500 talipia fish that were then tipped into the pond as fry have now been harvested and are tipping the *scales at about 150 grammes* (5.6 ounces) each.

"The aim of the project was to provide income for the development of the village," says the headman as the villagers enjoy their talipia and relax after completing a second fishpond twice the size of the first.

Aquaculture, as the scientists call fish farming, is booming in Fiji, even though its 100 inhabited islands are surrounded by the warm waters of the South Pacific, which have traditionally yielded good fish catches.

But Fijians who [illegible] *from coastal areas often find it* difficult to obtain fish. Lack of good *roads to inland villages,* lack of transport, plus a recent *fall in sea catches, mean that* many Fijians cannot always obtain the food that they regard as an important part of their diet.

Until about five years ago, fish farming was little known in the islands. But the launch of a new project, the South Pacific Aquaculture Development Project, has resulted in Fiji aquaculture becoming one of the fastest growing in the world. The project, set up by the United Nations Food and Agriculture Organisation Office in Fiji and funded by Japanese government aid, has *helped to develop over 500* fish farming ponds in inland villages in less than five years and currently has over 200 requests on its books.

When a village project is approved, the local office of the government's fisheries departments chooses a senior local person to be responsible for the new pond. It also provides villagers with feed and fry of talipia fish, from a hatchery on Fiji's largest island, Viti Levu.

Villagers dig the ponds themselves, often with the help of people in neighbouring villages. Some ponds have been dug with the assistance of US Peace Corps volunteers.

Pond sizes vary but 1,000 fry are typically placed in a pond *of some 500 square metres,* and the fish are harvested five or *six months later when they* weigh between 150 and 300 grammes each. This gives an overall yield of 300-600 kg per hectare of water. As the ponds *can sustain two harvests a* year, the annual yield per hectare *is therefore* between 600 kgs and 1,200 kgs.

"Local people have been very receptive to fish farming ideas," says the project manager Mr Hideyuki Tanaka, "and many now have a more regular *supply of fish*". In response to the growing demand for talipia fry the government is preparing to establish an additional talipia hatcher on Fiji's second largest island, Vanua Levu.

Villagers see their new supply both as a nutritious food and also as a way of raising income for local developments. Some are now *trying to* sell their fish in other villages and are also eyeing the *tourist* hotels.

Fish farm operators are finding that by using Chinese-style methods of integrating ponds with poultry they can reduce the need for outside inputs and make their ponds more profitable.

On the outskirts of Suva, the Montford Boys Town Residential College, which runs courses for orphaned teenag*ers,* has developed over 20 ponds in the last two years and *has* virtually dispensed with outside inputs. Huts, housing either chickens or ducks, are strategically placed in the middle *of the ponds* and provide natural fertiliser to enrich the supply of food for the fish.

"We feed the chickens, the chickens feed the fish, and the fish feed us," says a college official, "it's a very profitable *arrangement." More* than eight tonnes of fish is now harvested from their ponds every three months and while most of this is for consumption at the college, officials are confident they can tap the commercial market.

The South Pacific Agriculture Development Project covers all the South Pacific islands and Mr Tanaka points to an increasing interest in fish farming, "particularly in outer islands".

Apart from subsistence agri*culture, there are growing indi*cations, he says, "that commercial aquaculture *could* be economically feasible in some countries due to an increase in purchasing power and fish prices in urban areas".

In a number of islands, giant clam culture has been developed with an eye to export markets and this, says Mr Tanaka, is "currently booming" with hatcheries set up in at least 10 countries. But exports have so far been limited and the hatcheries have yet to prove they can make a profit.

Natural fertiliser from chicken huts enriches food supply

Placer pulls out of gold venture

By Robert [illegible] in Montreal

PLACER DOME, one of Amrica's top gold producers, [illegible] against joint development of the rich Eskay Creek gold-silver property in north [illegible] British Columbia with the International Corona group.

Placer had [illegible] decide by Sunday whether [illegible] put up [illegible] for development of Eskay Creek to production, so doubling its [illegible] from 23 *per cent to 50 per cent.*

Placer said 50 per cent of *future cash flow* [illegible] *production* would not be sufficient to repay the $240m, given [illegible] tonnage and grade, according [illegible] Peter [illegible], [illegible] Corona president.

[illegible] *Placer had taken up its* option, [illegible] would have [illegible] ahead with [illegible] full C$10m feasibility study and further development work on the orebody. However it had already pointed to potential difficulties in [illegible]ing Eskay Creek ore.

Mr Steen [illegible] was disappointed, though its former rival [illegible] control of Eskay Creek had "confirmed [illegible] viability" *of the property. Corona wanted* [illegible] 400 tonnes daily mining oper[illegible] *tonnes.* Corona would now go it alone with [illegible] study, [illegible]mating the capital cost of the mine at C$210m.

Eskay Creek is in mountainous country north of Stewart, BC. Geological reserves mainly *in the* [illegible] estimated at 4.3m tonnes containing 0.77 troy [illegible] of gold and nearly 30 ounces of [illegible] ton.

Later in a statement Placer [illegible] while [illegible] property was [illegible] economic, [illegible] deposit's tonnage would not sustain [illegible] mine that would satisfy [illegible] financial objective". Under the option agreement Placer [illegible] have found the *full* [illegible] *up* [illegible] *while* receiving half the cash flow.

[illegible] *right for 90* days to buy all Placer's interest in Eskay [illegible] for C$105m (£50m).

Committee criticises EC set-aside plan

[illegible] David Blackwell

THE EUROPEAN Commission's proposals under which about 15 [illegible] of Europe's [illegible] would be set aside have come under fire from the UK [illegible] *mons agriculture* [illegible].

In its first report on com[illegible] *markets in* [illegible] *1990s,* published today, the committee [illegible] potential concern for UK [illegible]ers – [illegible] compulsion, the size [illegible] the [illegible], the provision exempting small-sized farms, the [illegible] on compensation payments and the requirement that land set aside should be [illegible].

The committee believes the [illegible] proposals, which link staged price [illegible] with per-hectare [illegible] *payments, form* [illegible] basis of a coherent cereals *strategy for* [illegible] *1990s. But it* trusts [illegible] the government [illegible] press for significant changes to the [illegible]aside proposals."

It points [illegible] the details [illegible] so as to [illegible] small farms over [illegible] ones. This is not only bad economics, the committee says, but it discriminates against the UK, which has proportionately more large farms than [illegible] EC countries.

The provision that all farms over 16 [illegible] in area would *have to set* [illegible] land would have the net effect of taking *3.25m tonnes out of UK cereal* production compared with only [illegible] tonnes of French [illegible]duction.

In the [illegible], the committee concludes, [illegible] best chance [illegible] survival lies not in extensive protectionism but in achieving maximum effi[illegible] within [illegible] economic order in agricultural trade".

Brazil expects 16% bigger harvest next year

By Victoria Griffith in Sao Paulo

ANTONIO CABRERA, [illegible] of agriculture, [illegible] a 16 per cent rise in the country's grain crop next year, thanks to [illegible] $400m federal programme [illegible] financed [illegible] purchase [illegible] fertilisers and other agricultural products.

The total crop, according to [illegible] *minister,* will total 65.9m tonnes, compared with 57.4m *tonnes this year. Maize will* be [illegible] crop, [illegible] predicted, with a record output of 28.[illegible] tonnes, up from 23m tonnes.

The expected increase is due to [illegible] rise in the total area planted, particurly in the central-south of the country. Brazil should also produce more soyabeans in 1992.

Mr Cabrera predicted a [illegible] per cent increase in soyabean output, from 2.1m to 2.6 million tonnes. The [illegible] that better climatic conditions this year would outweigh [illegible] reduction in the [illegible] area planted.

This [illegible], [illegible] severe drought devastated the crop. [illegible] on these predictions, Mr Cabrera said that Brazil would import far less grain this year, [illegible]bly not more than 1m [illegible] of wheat, and [illegible] tonnes [illegible] rice.

Europe's nation of greengrocers

Montague Keen on Dutch ambitions in the UK vegetable market

A [illegible] to extend Holland's already substantial share of the lucrative UK fruit and vegetable market [illegible] been revealed by the Central Bureau of Dutch Horticultural Auctions (CBT).

On the eve of its 75th birth[illegible] and [illegible] turnover already bursting through [illegible] record 4bn guilder (£1.23bn) level early last month, the bureau *estimates that the British can* double their consumption of *Dutch peppers* and quadruple their purchases of Dutch leeks in the five years ending 1995. Even those twin mainstays of the salad trade, tomatoes and cucumbers, are targetted for UK sales increases ranging from 20 per cent to 50 per cent.

The Dutch have been [illegible]ing [illegible] rapidly to changing retail demand. The big chain stores are [illegible] to dominate conditions in the [illegible] *free* [illegible] auction system, where the first buyer [illegible] press [illegible] button and arrest the downward swing of the auction [illegible] takes the lot.

A [illegible] of a [illegible] ago there were 100 of these grower-[illegible]. Now [illegible] only only [illegible], [illegible] by [illegible] producers. Although [illegible] decline looks set to continue, turnover is rising sharply. [illegible] largest single vegetable [illegible]tion market, in the [illegible], expects to sell 1.27bn guilders worth of produce by the end of the year.

Much of the trade buoyancy of the past [illegible] because of the enlargement of Germany and the liberalisation of the east European trade, as well as [illegible] stronger demand from the Mediterranean countries.

But while Germany contin[illegible] *to be the biggest external* market, absorbing about four fifths of the auctions' total supply, it is the British market that now attracts the closest study.

This has less to do with the [illegible] inexaustible appetite of the British consumer for vegetables produced in the still [illegible] acreage of [illegible] than with the role of the British UK supermar*kets. The UK chains are no lon*ger content to have their repre[illegible] clamped *to two* telephones while staring at [illegible] clocks before buying [illegible] is [illegible] offer [illegible] groups [illegible] anonymous produc[illegible] Increasingly, they want an [illegible] predictable price for [illegible] quantity [illegible] be delivered within [illegible] stated period. And they demand a quality [illegible] that the Dutch recognise as superior to that required by most of their other [illegible] clients, even the fastidious German market, which [illegible] three-fifths of [illegible] exports.

The Dutch are meeting this challenge [illegible]. One [illegible] by becoming ever more environmentally chaste. Although the organic production move*ment in the Netherlands* still commands only about 3 per cent of the trade, the trend towards reduction in the use of agro-chemicals and nitrogenous and phosphatic fertilisers helps to accelerate the movement into more ecologically acceptable practices.

With little but their production expertise and disciplined marketing system to sustain them as Europe's chief exporters of fresh produce [illegible] flowers, the Dutch are determined to be two steps ahead of the opposition in setting quality [illegible] no longer based exclusively on uniformity [illegible], richness of colour and evenness [illegible] but in addition increasingly [illegible]cerned with minimal use of artificial pesticides and maximum biologi[illegible] pest control techniques. This reflects not only state and EC measures [illegible] reduce air, water [illegible] soil pollutants throughout the vulnerable Low Countries, but also consumer requirements. Leading the way are the supermarkets' powerful buyers, wishing to offer their ecologically sensitive customers products that satisfy their perception of [illegible]ronmental purity and appear [illegible] more environmentally benign than the offe[illegible] competitors.

That helps to undermine the auction system, however. Big buyers want to determine the precise production conditions, and to talk directly to the growers. After months of argument the CBT has been setting up an organisation to enable producers to trade outside the auction system and give buyers the greater degree of price and supply stability they expect. Even within the [illegible]tion system, a complex [illegible] now [illegible] advance orders for large quantities to be delivered, packaged for export to customers' individual requirements – including their own brand label – at precisely the shipping times and prices specified.

This should keep the industrious Dutch a step or two ahead of competitors.

WORLD COMMODITIES PRICES

MARKET REPORT

London's sterling [illegible] market closed down yesterday, with little sign [illegible] any of the [illegible] buying which had pushed [illegible] up [illegible] sharply at [illegible] week. "We hear [illegible] the long [illegible] in [illegible] January [illegible] very comfortable [illegible] levels...we'll probably [illegible] much [illegible] until January itself," one [illegible] said. [illegible] January [illegible] March [illegible] well [illegible] what is [illegible] *important support* at £560 a tonne. On [illegible] LME [illegible] *zinc* [illegible] *off* support around $1,100 [illegible]. *The market* [illegible] pressure from fund selling [illegible] *liquidation* [illegible] saw [illegible] down to $1,095 a tonne at [illegible] in the morning. Expected support [illegible] dips below $1,100 allowed the market to [illegible] in thin trading. Three-month aluminium prices spent [illegible] of [illegible] quiet day underpinned [illegible] support around [illegible] $1,120-a-tonne level, [illegible] easing during the *morning. The* [illegible] *waiting* [illegible] today's [illegible] LME [illegible] they [illegible] reach 1m [illegible] early [illegible] year. *Three-month* [illegible] fell [illegible] below £300 a tonne. Traders [illegible] buying [illegible] coupled with firmer sterling against [illegible] helped [illegible] undermine [illegible] steady trend.

Compiled from Reuters

London Mark[illegible]

SPOT MARKETS		
Crude oil (per barrel FOB)		+ or -
Dubai	$15.15-5.25q	[illegible]
Brent Blend (dated)	[illegible]	[illegible]
[illegible] (Feb)	[illegible]	[illegible]
W.T.I. (1 pm est)	$18.80-9.85q	-0.6
Oil products (NWE prompt delivery per tonne CIF)		+ [illegible]
Premium Gasoline	[illegible]	-1
Gas Oil	$180-1	-4
Heavy Fuel Oil	$72-73	-1
Naphtha	[illegible]	[illegible]
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$359.65	+0.75
Silver (per troy oz)♣	396.5c	-1.5
Platinum (per troy oz)	$356.40	+0.15
Palladium (per troy oz)	[illegible]	+0.20
[illegible]er (US Producer)	101.8c	-0.7
[illegible] (US Producer)	[illegible]	+0.37
Tin (Kuala Lumpur market)	14.69r	+0.03
Tin (New York)	254.0c	-1.5
Zinc (US Prime Western)	[illegible]	
Cattle (live weight)†	105.34p	-3.69*
Sheep (dead weight)†	[illegible]	-2.11*
Pigs (live weight)†	[illegible]	[illegible]
London daily sugar (raw)	[illegible]	
London daily sugar (white)	$272.2	
Tate and Lyle export price	£232.5	
Barley (English feed)	£126.5u	
Maize (US No. 3 [illegible])	[illegible]	+0.75
Wheat (US Dark Northern)	£101.0	
[illegible] (Jan)♥	[illegible]	-0.25
[illegible]	[illegible]	[illegible]
Rubber (KL RSS No 1 Jan)	215.0m	[illegible]
Coconut oil (Philippine[illegible])	[illegible]	+17.5
Palm Oil (Malaysian)§	$380.0u	
Copra (Philippines)§	$410.0	[illegible]
Soyabeans (US)	£144.0	+1.0
[illegible] "A" [illegible]	61.95c	[illegible]
Wooltops (64s Super)	417p	

£ a tonne unless otherwise stated. p-pence/kg. [illegible] r-ringgit/kg. q-Feb t-Feb/Mar u-Jan/[illegible] y-Jan/Feb z-Dec/[illegible] Com[illegible] average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion [illegible] m-Malaysian cents/kg.

SUGAR – London FOX ($ per tonne)

[illegible]	[illegible]	[illegible]	High/Low	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	
Oct	[illegible]	[illegible]	188.00	
Dec	[illegible]		183.00	
Mar	*187.00*		183.00	

[illegible]	Close	Previous	High/Low	
Mar	274.9	272.5	275.0	272.5
May	[illegible]	272.5	275.0	273.1
Aug	[illegible]	276.9	279.0	276.5
Oct	262.2	259.4	259.0	

Turnover: Raw 491 (184)lots of 50 tonnes. White 604 (386)
Paris- White (FFr per tonne): Mar 1515.[illegible], May 1529.24

CRUDE OIL – IPE $/barrel

	Latest	Previous	High/Low	
Jan	18.55	18.81	18.88	18.52
Feb	18.48	18.82	18.83	18.38
Mar	18.40	18.78	18.80	18.33
Apr	18.43	18.55	18.48	18.32
Jun	*18.25*	*18.35*	18.40	*18.25*
IPE Index	18.94	18.49		

Turnover 18000 (29858)

GAS OIL – IPE $/tonne

	Close	Previous	High/Low	
Jan	178.50	183.25	183.25	177.75
Feb	179.00	183.00	182.00	178.00
Mar	176.25	178.75	178.00	175.25
Apr	171.00	174.00	174.50	171.00
May	169.50	171.25	172.50	169.00
Jun	168.75	170.25	172.00	168.50
Aug	174.00		174.00	

Turnover 10214 (13495) lots of 100 tonnes

TEA

There was limited demand this week, reports the Tea Brokers' Association. Selective good liquoring Assams held values, but mediums were generally 5p easier, with brokens a weak feature again. A few brighter east Africans ruled firm, but *others lost 4p to 8p,* sometimes more. Ceylons and south Indians were quite well supported at firm *rates. There was fair* demand offshore with east Africans 3p to 6p down and central Africans little changed. The highest price realised this week was 182p for an Rwanda pl. Quotations: quality *160p/kg, medium 120p/kg, low medium 90p/kg.*

COCOA – London FOX £/tonne

	Close	Previous	High/Low	
Dec	758	[illegible]	748	
Mar	792	783	795	783
May	816	805	818	805
Jul	[illegible]	829	[illegible]	
Sep	[illegible]	852	[illegible]	
Dec	[illegible]	863	[illegible]	866
[illegible]	923	910	923	912
[illegible]	940	925	938	

[illegible] (11104) lots of [illegible] indicator [illegible]. Daily price for [illegible] 10 [illegible] for Dec.1[illegible]

COFFEE – London FOX $/tonne

	[illegible]	[illegible]	High/Low	
Jan	[illegible]	1045	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	1026	1001
May	1008	1028	1030	[illegible]
Jul	1016	1025	1027	1015
[illegible]	1021	1023	1025	1020

Turnover: 754 (3596) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Dec.13: Comp. daily 63.06 (61.33) [illegible] day average 64.65 (64.89)
Sterling close: January £871 , March [illegible]

POTATOES – London FOX [illegible]

	[illegible]	[illegible]	[illegible]	
Apr	[illegible]	[illegible]	118.0	117.5

Turnover 7 (60) lots of 20 tonnes.

SOYAMEAL – London FOX [illegible]

	[illegible]	[illegible]	[illegible]Low
Apr	[illegible]	124.00	

Turnover 5 (75) lots of 20 tonnes.

FREIGHT – London FOX $10/index point

	[illegible]	[illegible]	High/Low	
Jan	[illegible]	[illegible]	[illegible]	1560
Feb	[illegible]	[illegible]	[illegible]	
Apr	*1598*	[illegible]	*1575*	*1595*
Jul	1370	[illegible]	1370	
BFI	1543	1547		

[illegible]

[illegible] – London FOX [illegible]

Wheat	Close	Previous	High/Low	
Jan	[illegible]	124.40	124.90	124.60
Mar	128.50	[illegible]	128.55	128.25
May	[illegible]	[illegible]	131.90	[illegible]
Sep	133.40	110.50	[illegible]	133.40
Barley	**Close**	**Previous**	**High/Low**	
Jan	*118.90*	*118.75*	*119.00*	*118.90*
[illegible]	122.30	122.05	122.40	122.30
[illegible]	124.40	124.10	124.25	
Sep	[illegible]		106.00	

Turnover: Wheat 387 (337), Barley 200 (210). Turnover lots of 100 Tonnes.

PIGS – London FOX (Cash Settlement) p/kg

	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	

Turnover 0 (58) lots of 3,250 kg

[illegible] – London FOX

	[illegible]	[illegible]	[illegible]	Low	Vol
Indx	[illegible]	[illegible]			

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	[illegible]	High/Low	AM [illegible]	[illegible] close	[illegible]
Aluminium, 99.7% purity ($ per tonne)					[illegible] turnover	[illegible]
Cash	[illegible]	[illegible]	1097.5/1096.5	[illegible]		
3 months	[illegible]	1121-2	[illegible]	1121-1.5	[illegible]	[illegible] lots
Copper, Grade A (£ per tonne)					Total [illegible] turnover	[illegible] lots
Cash	1187-7.5	1193-5	[illegible]	[illegible]		
[illegible]	[illegible]	[illegible]	[illegible]	1210-1	1215-6	107,288 lots
Lead (£ per tonne)					Total daily turnover	3,906 lots
Cash	285-5.5	[illegible]	286	285-5.5		
[illegible]	[illegible]	[illegible]	[illegible]	297-7.5	297.75-8	[illegible]
Nickel ($ per tonne)					Total [illegible] turnover	[illegible]
Cash	7100-10	7100-10		7095-80		
3 months	7165-70	7170-5	[illegible]	[illegible]	7170-5	[illegible] lots
Tin ($ per tonne)					Total daily turnover	1,078 lots
Cash	*5465-75*	*5500-10*	*5470*	*5465-70*		
[illegible]	[illegible]	[illegible]	[illegible]	5525-30	5525-30	[illegible] lots
Zinc, Special High Grade ($ per tonne)					*[illegible] daily turnover*	*12,081 lots*
Cash	1155-7	1141-3	[illegible]	1141-2		
3[illegible]	*1111-2*	*1108-9*	*1120/1095*	[illegible]	1119-20	41,233 lots

LME Closing £/$ rate: SPOT: 1.8208 *3 months: 1.7981* *6 months: 1.7701* *9 months: 1.7473*

LONDON BULLION MARKET (Prices supplied by N M Rothschild)

Gold (fine oz)	$ price	£ equivalent
Close	359.40-359.90	
Opening	[illegible]	
Morning fix	360.05	197.480
[illegible] fix	[illegible]	197.231
Day's high	[illegible]	
Day's low	[illegible]	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	[illegible]	6 months	3.[illegible]
2 months	[illegible]	12 months	3.[illegible]
3 months	3.93		

Silver fix	p/fine oz	US cts equiv
Spot	212.55	387.10
3 [illegible]	217.95	391.10
6[illegible]	223.35	395.35
12[illegible]	234.50	404.00

GOLD COINS (Prices supplied by Engelhard [illegible]etals)

	$ price	[illegible]
Krugerrand	359.75-360.75	[illegible]
Maple leaf	370.00-371.00	203.00-203.50
New Sovereign	87.75-88.75	[illegible]

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Mar	Jun	[illegible]	Jun
1000	125	152	4	9
1100	50	81	28	35
1200	[illegible]	35	89	88
Copper (Grade A)	**Calls**		**Puts**	
2100	101	113	22	46
2200	44	63	63	[illegible]
2300	15	31	[illegible]	158
Coffee	**Jan**	**Mar**	**Jan**	[illegible]
[illegible]	71	73		4
[illegible]50	22	37	1	18
600		15	29	48
[illegible]	Mar	May	Mar	[illegible]
750	60	87	18	21
775	45	71	28	30
800	32	57	40	41
Brent Crude	[illegible]	**Mar**	**Feb**	**Mar**
1850	65		[illegible]	
1900	34	[illegible]	89	
1950	20			

New York

GOLD 100 troy oz.; $/troy oz.

	Latest	[illegible]	High/Low	
[illegible]	[illegible]	[illegible]	[illegible]	359.0
Feb	[illegible]	361.3	362.2	360.8
Apr	[illegible]	363.6	364.5	363.1
Jun	365.5	[illegible]	366.8	[illegible]
Aug	368.7	369.3	369.7	368.7
[illegible]	[illegible]	372.9	373.5	[illegible]

PLATINUM 50 troy oz; $/troy oz.

	[illegible]	[illegible]	High/Low	
Jan	356.3	[illegible]	360.0	[illegible]
Apr	358.5	358.7	[illegible]	358.5
Jul	361.0	360.7	361.0	360.5
[illegible]	[illegible]	[illegible]	364.5	

SILVER 5,000 troy oz; cents/troy oz.

	[illegible]	[illegible]	High/Low	
Dec	[illegible]	383.5	[illegible]	382.0
Jan	[illegible]	384.5	382.0	382.0
Mar	386.0	387.5	389.0	385.5
Jul	394.0	394.4	396.0	392.0
Mar	*408.5*	*408.9*	*408.5*	*408.5*

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Latest	Previous	High/Low	
Dec	97.70	97.75	97.80	97.20
Jan	97.55	97.75	97.70	97.10
Feb	97.10	97.60	97.10	97.10
Mar	97.45	97.45	97.60	96.70
May	*97.20*	*97.20*	97.30	96.70
Jul	97.20	96.95	97.20	96.60

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	*Previous*	*High/Low*	
[illegible]	19.76	20.05	[illegible]	19.65
[illegible]	[illegible]	20.05	[illegible]	
Mar	19.65	19.85	19.80	19.[illegible]
Apr	19.67	19.89	19.80	19.56
May	19.58	19.83	19.68	19.55
Jul	19.60	[illegible]	19.68	19.52
[illegible]	19.54	[illegible]	19.62	19.50
Oct	19.45	19.68	19.55	19.50

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Jan	[illegible]	[illegible]	5725	5630
[illegible]	5760	[illegible]	5826	5730
Mar	5700	5761	5770	5690
Apr	[illegible]	5570	5575	5520
May	[illegible]	5400	5400	5350
Jun	5265	5330	[illegible]	5265
[illegible]	[illegible]	5465	5460	5460
[illegible]	5560	[illegible]	[illegible]	[illegible]

COCOA 10 [illegible]

	[illegible]	Previous	High/Low	
[illegible]	[illegible]	[illegible]	1329	[illegible]
[illegible]	[illegible]	[illegible]	1365	[illegible]
Jul	[illegible]	1376	1390	1364
Sep	1419	14[illegible]	1419	1411
Mar	1488	14[illegible]	1487	1486
May	[illegible]	1490	0	0
[illegible]	1525	1513	0	[illegible]
[illegible]	[illegible]	1534	0	0

COFFEE "C" 37,500lbs; cents/lbs

	[illegible]	[illegible]	High/Low	
[illegible]	[illegible]	[illegible]	79.70	78.75
May	81.50	81.80	82.30	[illegible]
Jul	84.25	[illegible]	[illegible]	84.25
[illegible]	[illegible]	[illegible]	[illegible]	
[illegible]	[illegible]	90.70	0	0
Mar	95.00	95.00	0	0
May	90.00	0	0	[illegible]

[illegible] 50,000; [illegible]

	[illegible]	[illegible]	High/Low	
Mar	60.50	[illegible]	61.00	59.60
May	[illegible]	63.60	62.80	61.00
Jul	[illegible]	64.15	63.75	62.08
[illegible]	[illegible]	[illegible]	64.94	64.25

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	[illegible]	[illegible]	[illegible]	
Mar	8.62	8.61	8.82	8.63
May	8.70	[illegible]	[illegible]	[illegible]
Jul	8.65	[illegible]	8.68	8.55
Oct	[illegible]	8.47	8.60	8.60
Mar	[illegible]	8.42	0	0
May	[illegible]	8.39	0	0

ORANGE JUICE 15,000 lbs; cents/lbs

	Latest	Previous	High/Low	
Jan	161.50	160.80	161.70	159.00
Mar	163.20	162.30	163.25	160.30
May	163.45	162.80	163.45	160.95
Jul	163.30	162.30	163.45	161.00
Sep	160.00	159.35	0	0
Nov	*151.00*	150.35	0	0
Jan	149.00	148.80	0	0
Mar	149.00	148.80	0	0
May	149.00	148.80	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Dec.16	Dec.13	mnth ago	yr ago
1699.1	[illegible]	1818.7	1716.4

DOW JONES (Base: Dec. 31 1974 = 100)

	Dec.13	[illegible]	mnth ago	yr ago
Spot	113.11	113.31	114.22	123.64
Futures	120.27	119.73	122.98	126.23

Chicago

[illegible] 5,000 bu min; cents/60lb bushel

	[illegible]	Previous	High/Low	
Jan	561/6	563/0	553/4	549/0
Mar	559/4	560/4	559/6	555/4
May	565/0	568/4	568/4	562/2
Jul	[illegible]	573/4	573/4	569/4
Aug	[illegible]	576/4	576/4	573/4
[illegible]	[illegible]	[illegible]	576/4	575/0
[illegible]	[illegible]	[illegible]	581/0	578/0
[illegible]	[illegible]	[illegible]	589/0	589/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Latest	Previous	High/Low	
Dec	[illegible]	[illegible]	19.16	19.02
[illegible]	[illegible]	[illegible]	19.27	19.08
May	19.79	[illegible]	19.85	19.66
[illegible]	[illegible]	[illegible]	0	0
Oct	20.40	20.36	0	0
Dec	20.65	20.65	20.65	20.65
Jan	20.80	20.86	0	0

[illegible] MEAL 100 tons; $/ton

	Latest	[illegible]	High/Low	
Jan	169.7	170.2	170.1	168.8
[illegible]	172.9	173.2	173.0	172.8
[illegible]	[illegible]	188.3	187.8	187.5

MAIZE 5,000 bu min; cents/56lb bushel

	Latest	Previous	High/Low	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	258/4	259/2	[illegible]
Jul	263/6	263/4	264/2	[illegible]2
Sep	259/6	259/0	261/0	[illegible]0
[illegible]	[illegible]	256/4	[illegible]	255/0
Mar	262/0	262/4	263/6	261/6

WHEAT 5,000 bu min; cents/60lb-bushel

	[illegible]	[illegible]	[illegible]	
Mar	[illegible]	362/2	366/6	361/0
May	[illegible]	359/6	365/6	359/4
Jul	[illegible]	332/2	335/0	330/4
[illegible]	350/0	[illegible]	350/0	347/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Latest	Previous	High/Low	
Feb	71.75	72.80	72.70	71.62
Apr	72.82	73.62	73.80	72.70
Jun	69.12	69.72	69.85	69.00
Aug	67.55	68.00	68.25	67.50
Oct	68.02	68.70	68.60	67.90
Dec	68.90	69.55	69.30	68.90

LIVE HOGS 40,000 lb; cents/lbs

	Latest	Previous	High/Low	
Dec	41.60	41.92	41.72	41.42
Feb	41.37	41.62	41.62	41.25
Apr	39.37	39.65	39.86	39.35
Jun	44.85	44.96	44.95	44.65
Oct	40.50	40.55	40.60	40.40
Dec	41.70	41.65	41.80	41.65

PORK BELLIES 40,000 lbs; cents/lb

	Latest	Previous	High/Low	
Mar	39.10	39.45	39.50	38.90
May	40.30	40.82	40.70	39.90

LONDON STOCK EXCHANGE

Equities slip lower in troubled session

By Terry Byland, UK Stock Market Editor

A SLUGGISH UK stock market was restrained further yester[redacted] by a delayed opening [redacted] Seaq electronic trading system and widespread problems with commuter rail networks following renewed terrorist activity in London. Although there were a number of special features in equities, overall turnover was poor and the market made little response to economic data on domestic retail sales and industrial output.

Staffs at securities firms had a hard struggle to reach their offices yesterday morning after London's main railway stations were closed temporarily following a bomb explosion close to Clapham Junction, the important rail junction.

Because of these problems, it was agreed to delay the official opening of the stock market until 9.00am. But there were fresh problems for traders, when the Stock Exchange building was closed because of a fire bomb warning, causing some disruption to company news reporting systems.

When trading did get under [redacted] volume was very thin and share prices [redacted] began to sag as an early premium on the futures [redacted] was trimmed. The FT-SE was quickly [redacted] by [redacted] 2,440.0. Share prices steadied later without showing much enthusiasm [redacted] news [redacted] tic [redacted] sales [redacted] gained [redacted] per [redacted] in [redacted]ber while manufacturing output had [redacted] by [redacted] October. [redacted] UK Treasury [redacted] that these figures were consistent with its recovery forecast, but the stock market finally took a somewhat negative view of the statistics.

At mid-session, [redacted] stock market was within [redacted] points of its overnight level but, with the institutions still remaining on the sidelines of the UK market, there was no strength in the rally. The London market then resumed its downward drift as Wall Street made a slow response to the latest statistics on the US economy. In spite of a gain of 14 Dow points on Wall Street in UK hours, the FT-SE Index closed down 10.8 at 2,440.8.

The day's share volume of 358.7m through the Seaq electronic network was poor by average standards and extremely thin by comparison with the 770.4m traded on Friday. Yesterday's specific problems masked the slowdown in institutional business as the market moves towards the end of the calendar year, which also marks the end of the twelve month trading period for most fund managers.

Some optimists maintained that the institutions will indulge themselves in some window-dressing operations before the Christmas break. However, other analysts believed [redacted] the fund [redacted] after a fairly successful [redacted] UK equities, [redacted] to leave their [redacted] investment [redacted] in [redacted] until [redacted] new year.

[redacted] said that the mood improved slightly at mid-session [redacted] sterling edged higher following the retail [redacted]. But [redacted] pound [redacted] lost [redacted] and by [redacted] close was showing little change from Friday night's [redacted] quotations.

[redacted] chip internationals improved with sterling but [redacted] followed its [redacted] and were finally [redacted] changed on [redacted] session. [redacted] still [redacted] regarding [redacted] prospects, were mostly [redacted] while the financial sector could make little recovery from the uncertain trends of recent ses[redacted].

Account Dealing Dates		
First Dealings:		
Dec 9	Dec 30	Jan 13
Option Declarations:		
Dec 23	Jan 9	Jan 23
Last Dealings:		
Dec 27	Jan 10	Jan 24
Account Day:		
Jan 6	Jan 20	Feb 3

*New-time dealings may take place from 8.30 am two business days earlier.

Clouds over Reckitt

[redacted] AND [redacted] group Reckitt & Colman [redacted] 21 [redacted] 613p after two securities houses cut their forecasts for forthcoming profits.

There was strong speculation among traders and analysts that Cazenove, which is broker to the company, had reduced its current year estimate by £11m to £259m, well below the range of predictions. Cazenove, which rarely comments on market perceptions, made no exception to its policy yesterday.

The other downgrading came from Hoare Govett, which had already lowered its estimates several weeks ago. The house came down to £255m from £265m after forecasting £272m in August. Hoare's figure for 1992 has been pared by £20m to £285m.

Hoare moved its stance on the stock from hold to overvalued, but said the company's fundamentals were sound. Mr James Culverwell of Hoare said the cut was prompted by continuing weakness in Reckitt's big markets, especially North America, Australia and Brazil, but he added that he was not turning aggressive seller because: "If Reckitt is finding things tough at the moment, other companies are finding it tougher."

Rolls-Royce busy

Enthusiasm over a large order for Rolls-Royce was countered by bearish profit forecasts from at least two analysts and the shares saw good two-way business before ending a net 3 off at 125p on 6.1m shares traded.

The good news was that the engine manufacturer had gained a United Parcel Service contract, worth up to $900m (£500m) to provide its RB211-535 engines for twenty 757 aircraft. There had been hints of this in the market on Friday but the shares might have been expected [redacted] improve [redacted] the hard announcement. They were held back by profit forecast cuts from Strauss Turnbull and, more significantly, Hoare Govett, broker to the [redacted].

Strauss brought its [redacted] for this year down by £15m to £55m, at the bottom of the range of analysts' expectations. It cut its 1992 figure by £10m to £105m. Mr [redacted] Cunningham of [redacted] had already been recommending to clients that they sell [redacted] shares, and in a note published [redacted]erday he said "the rating [redacted] too high and [redacted] yield on the uncovered (even when cut) dividend does not reflect the risk".

Hoare Govett's engineering analyst Mr Mike Tampin was not available for comment yesterday, but he was believed to have brought back his forecasts for this year and 1992 to £80m and £110m. Marketmakers [redacted] was offering stock throughout the day.

BT 'new' weak

The marginal uptick in BT "new" shares last Friday proved a sho[redacted] 2½ [redacted] 124½p [redacted] persistent small [redacted] from [redacted]. Turnover in the "new" was 5.3m shares. The partly-paid shares were sold to private in[redacted] 110p [redacted] with institutional investors paying 125p a share.

It was pointed out by telecoms specialists that the majority of the selling was UK-sourced, with most of the European, US and Japanese institutional buyers still firm holders of the stock.

Disappointed equity salesmen also pointed out that the market was bracing itself for a flood of selling pressure from small investors scheduled to receive their share certificates tomorrow. Other factors said to be holding BT "new" back include the stock going ex the interim dividend on January 13, and the next moves by Oftel, which is expected to publish its consultative document towards the end of next month.

BT "old" lost 4 to 326½p, although turnover in this category of the stock was an exceptionally thin 2.9m shares.

C and W bought

Cable and Wireless shares followed last week's near 8 per cent rise with another strong performance [redacted] the Sunday press highlighted [redacted] rumours that AT&T, of the US, may take a stake in Mercury, C and W's telecommunications subsidiary.

The weekend press also followed up stories that C and W could well be considering a flotation of Mercury in a move similar to that adopted by Racal when it hived off a 20 per cent stake in its hugely successful Vodafone cellular phones business.

C and W ended a busy session 10 higher at 585p, with turnover totalling a much larger than usual 3m shares. The stock reached a peak of 611p in mid-1989 and fell just short of that level in September this year.

Lloyds left the other high street banks trailing behind, the shares moving ahead 5 to 376p on 1.3m traded after suggestions that Cazenove, the stockbroker, had given the stock a big push. Specialists said Lloyds was benefiting from its strong balance sheet and dividend profile.

NatWest, on the other hand, was given a rough ride by the market, the shares dipping 7 to 273p on 1.9m after weekend press comment.

Worries about the extent of mortgage indemnity losses returned to depress the composite insurers. Royal and Sun Alliance, with the biggest exposure to the market, were again under heavy selling pressure. The former lost 11 to 237p, easily the lowest level for more than five years, while Sun Alliance, where the market is bracing itself for news of the company's exposure to mortgage indemnity losses, eased 5 to 293p.

News about SmithKline Beecham's anti-arthritis drug appeared to be good but the stock fell 18 to 835p.

SmithKline said yesterday that a meeting by the advisory group of the US Food and Drug Administration on Friday had recommended that the drug, Relifen, should be approved for use in the US. It said that, aside from one or two "issues on the final labelling", it foresaw no problems.

Relief following a debate in [redacted] Glaxo 7 up at 810p on US buying. There had been concern [redacted] debate, on bronchodilators for treating asthma, might [redacted] to increased caution over the use of two of Glaxo's asthma treatments.

Business services conglomerate BET tumbled 14 to 192p in late trading. There was talk that one securities house was preparing to reduce its profits forecast.

The round of forecast cuts for BTR, begun at the end of last week by securities house James Capel, continued yesterday and the shares shed 3 to 381p.

Volatile Inchcape fell 18 to 386p on news that the European Commission was reviewing plans of Inchcape Overseas to take over the holding company of Tozer Kemsley & Millbourn (Holdings).

Lasmo's attempt to win control of Ultramar prompted plenty of market activity, with the odds shifting slightly in favour of the latter, according to marketmakers, who lifted the Lasmo stock price and lowered that of Ultramar. The latter dipped 4 to 252p, the first time the shares have closed below those of Lasmo, up 4 yesterday at 257p, since the bid was launched on October 17.

GEC rocketed to the top of the list of the market's most heavily [redacted] stocks after two trades of 9m and 8.4m shares recorded only minutes before the official close, both at 184p a share, some 10p below the ruling market price for the stock. The two deals were thought to [redacted] represented [redacted] breakfast, [redacted] tax-related, [redacted] actions, [redacted] other [redacted] are expected [redacted] morning.

[redacted] to 193½p, having made [redacted] past [redacted] buy recommendations from such powerful broking houses [redacted] Warburg, [redacted].

[redacted] Holdings jumped [redacted] 341p [redacted] stock's inclusion in [redacted] indices, a [redacted] alerted [redacted] FTA tracking funds.

[redacted] 2 [redacted] on turnover [redacted] making the [redacted] fourth[redacted] – as the majority of the weekend [redacted] holders [redacted] reject the [redacted] from Williams, [redacted] on Sunday.

[redacted], with preliminary figures expected [redacted] row, [redacted] 15 [redacted] 267p.

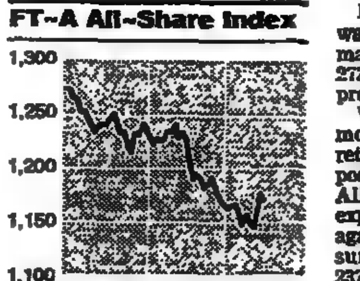
Reed International was a strong [redacted] bouncing 9 [redacted] being [redacted] by bear[redacted] stories [redacted] week.

Profit-taking [redacted] Carlton [redacted] 7 [redacted] of [redacted] "upbeat" pre[redacted] inves[redacted] by Hoare Govett.

MARKET REPORTERS:
[redacted] John,
[redacted] Thompson.

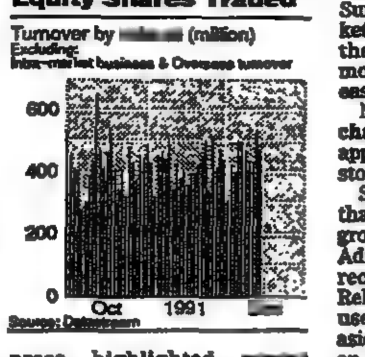
■ Other market [redacted] including [redacted] FT-Actuaries Share Indi[redacted] and London Traded Options, [redacted] 22.

FT-A All-Share Index



Equity Shares Traded

Turnover by [redacted] (million) Excluding: Intra-market business & Overseas turnover



Source: Datastream

NEW HIGHS AND LOWS FOR 1991

NEW HIGHS (20). BRITISH FUNDS (3) Treas. 2pc I-L 1992, Tr. 3pc 1992, Tr. 8¾pc 1994, OTHER FIXED INTEREST (1) Utd. Mexico 16½[redacted], [redacted] DISTILLERS (1) G[redacted], [redacted] (3) Druck, Elec. [redacted] Processing, [redacted] ENGINEERING GENERAL (3) Prospect [redacted], Richardson [redacted], Whessoe, FOOD RETAILING (1) Park Food, HEALTH & HOUSEHOLD (1) Amersham, [redacted] COMPOSITE (1) [redacted], OIL & GAS [redacted] North Sea Assets, [redacted] Oil, PACKAGING, PAPER [redacted] La Rue, TEXTILES (1) [redacted], TRANSPORT (2) Brit. Airway 9¾ pc Cv., Craig Shipping. Silvermines, FOOD MANUFACTURING (2) Daniels (S), Kakuzi, HOTELS & LEISURE (2) Marina Dev., Stewart & Wight, INSURANCE BROKERS (2) Durham (DG), Sturge, INSURANCE COMPOSITE (2) Hafnia, Royal Insce., INVESTMENT TRUSTS (3) Drayton Eng. & Intl., Fleming Emrg. Mkts. [redacted], MEDIA (2) [redacted], METAL [redacted] (2) [redacted] 9½pc Ln. 2000-1, Cohen (A), OIL & GAS (4) Brabant, [redacted] Petm., Norsk Hydro, Tritton Europe, OTHER FINANCIAL [redacted] Fd., [redacted], PACKAGING, PAPER [redacted] (3) Buhrmann-Tetterode, Continuous Stationery, NMC, Do. 7¾pc PL, Waverley Cameron, PROPERTY (5) Anglo St. James, Derwent Valley, Hammerson A, London Securities 8¾pc PL, Palmerston, Rosehaugh, Trencherwood [redacted] (J.D.), STORES (1) [redacted] Alexandra [redacted], Greenwich Res, Plateau Mining.

NEW LOWS (55). CANADIANS [redacted] Alberta, Rio Algom, [redacted] (1) Grafton, [redacted] (1) Melville, CONTRACTING & CONSTRUCTION (4) Bires, [redacted] Pressac, [redacted], ENGINEERING AEROSPACE (1) Dowty, ENGINEERING GENERAL (3) Dover,

FINANCIAL TIMES STOCK INDICES

	Dec 16	Dec 13	Dec 12	Dec 11	Dec 10	Year Ago	1991 High	1991 Low	Since Compilation High	Since Compilation Low
[redacted]	87.34	87.38	[illegible]	86.97	86.81	82.67	[illegible]	82.17	[illegible]	49.18
[redacted]	97.49	[illegible]	97.12	[illegible]	[illegible]	[illegible]	97.49	86.59	[illegible]	[illegible]
Ordinary [redacted]	1855.4	[illegible]	[illegible]	[illegible]	1819.7	1690.2	[illegible]	1606.3	2108.3	[illegible]
[redacted]	152.1	152.1	[illegible]	[illegible]	169.7	140.1	222.8	127.0	734.7	[illegible]
FT-SE [redacted]	[illegible]	[illegible]	2423.3	[illegible]	2392.0	[illegible]	2679.6	[illegible]	[illegible]	986.9
FT-SE Eurotrack 200	[illegible]	[illegible]	[illegible]	1082.86	1086.32	-	[illegible]	[illegible]	[illegible]	[illegible]

GILT EDGED ACTIVITY: Gilt Edged Bargains 91.3 [illegible]; 5-Day average [illegible] 81.5. *SE Activity 1974. †Excluding intra-market business & [redacted]. London report and latest Share index: Tel. [redacted]

TRADING VOLUME IN MAJOR STOCKS

Based on [redacted] of one million or more are [redacted] down.

EQUITY FUTURES AND OPTIONS TRADING

DERIVATIVES [redacted] briskly yesterday [redacted] Friday's closing levels. [redacted] level [redacted] Index, in particular, came in for revision, writes our financial [redacted].

The December contract opened with a premium [redacted] 14 against cash. The [redacted] immediately [redacted] sellers, who were convinced that [redacted] could not [redacted] such a level in present [redacted].

A number of [redacted] positions [redacted] but [redacted] premium [redacted] trimmed [redacted] contract [redacted] to around 2,447. [redacted] commented [redacted] this was a more sustainable level. There [redacted] a significant [redacted] dealings but [redacted] that, with the market disturbed by renewed terrorist activity in London, volume in derivatives was poor yesterday.

Turn[redacted] in [redacted] options held up fairly well, with [redacted] compared with 25,757 in [redacted] previous session. The FT-SE [redacted] accounted [redacted] only 7,397 contracts, however, against 9,914.

Among individual share options, Asda topped [redacted] list with 6,442 [redacted] traded while, in second and [redacted] place, [redacted] and Han[redacted] (1,071) [redacted].

LONDON SHARE SERVICE

BRITISH FUNDS

BRITISH FUNDS - Cont.

BRITISH FUNDS - Cont.

OTHER FIXED INTEREST

APPOINTMENTS

Changes in train at Orient-Express

With the impending departure of three top executives at ORIENT-EXPRESS Hotels, the trains-to-hotels [redacted] filling the gaps in a move that may herald a restructuring of its leisure interests.

Hermann Jenny, 55, who has been president for the past three years, recently announced his resignation, as did two other key executives. The flamboyant James Sherwood, chairman of Orient-Express and president of Sea Containers – which has a 42 per cent shareholding in Orient-Express – will now be playing a greater role in the daily management of the business, Orient-Express says.

The [redacted]pany contends that the senior departures [redacted] "coincidental", although analysts suggest they may represent the prelude to a reorganisation, masterminded by Sherwood, of the currently complicated structure of leisure operations spread [redacted] Or[redacted] Express and Sea Containers.

The 62-year-old Natale Rusconi, general manager of the Hotel Cipriani in Venice, will take over as president. Rusconi, who holds a doctor[redacted] Latin literature, will stay on at the Cipriani which he has managed since 1977. The hotel is owned by Sea Containers but operated and [redacted] by Orient-Express.

Jean-Paul Foerster becomes vice-president hotel operations, following the resignation of Colin [redacted]. He comes from [redacted] Quinta [redacted] Lago Hotel in the Algarve, [redacted] has been since 1987. Valerie Le Moignan, who is British, joins in February [redacted] as sales and marketing director. Her predecessor, David Ballard, took the job for 2½ [redacted] and is now returning to retirement at 59.

Separately, [redacted] becomes director of retailing, after a career spent almost entirely with Garrard/Mappin & Webb. One of his tasks will be to fashion a new collection for the Eastern & Oriental Express train, which will run from Bangkok [redacted] through [redacted] from [redacted] of next [redacted].

■ David Varney has been appointed to the board of SHELL UK and is to become managing director responsible for downstream activities, which include oil marketing, distribution, supply, refining and trading.

Varney, 46, was formerly head of marketing, branding and product development for Shell International Petroleum. He joined Shell in 1968 as a personnel assistant, and subsequently held several overseas positions.

In 1982, he became trading manager for Shell UK Oil and later transferred to Shell International Petroleum which included three years as managing director of AB Svenska Shell.

Varney succeeds Roy Reynolds who is retiring.

■ John Callaghan is appointed a director of FYFFES.
■ John Bamsey is appointed md of Initial UK, part of BET.
■ Alan Pontin is appointed md of DRINKWATER SABEY, part of Attwood.
■ Jeremy Lamb [redacted] appointed md of CASE UK sales and marketing operation.
■ HIGHWAY VEHICLE LEASING has appointed Don MacLeod director of finance and Bob Cumming director of computer systems.
■ Bill Price, former md of Williams Lea, is appointed HMSO's head of print sales.
■ Paul Minter is promoted to md of TRION, the UK-based European hq of Trion Inc.
■ Alan Curtis is promoted to md product supply of ROVER.
■ Peter McTague is moving from Comet to become md of NORTHERN ELECTRIC Retail.
■ John Edwards is moving from John Laing to become finance director of SPRING RAM.
■ Malcolm Aitken is moving from Pegler to become md of TRIANCO REDFYRE. Graham Wood becomes chairman.
■ Doug Thomson is appointed director and general manager of McDONNELL DOUGLAS Information Systems International, the newly consolidated UK and European operation.
■ Graham Tayler is appointed commercial director of FRIENDLY HOTELS.

Marketing on BA board

Robert Ayling has joined the board of [redacted].

Ayling's appointment comes exactly three months after his promotion [redacted] marketing director from [redacted] secretary and legal director. He replaced Liam [redacted] who, in a highly publicised [redacted], became chief [redacted] of retail [redacted].

Strong, who was only with BA [redacted] the board, though BA says that Ayling's [redacted]tment strengthens [redacted] "firmly establishes [redacted] marketing [redacted] operations [redacted]".

A solicitor by profession, Ayling, 45, joined BA in 1985 as legal director. In 1988, after privatisation, he took on the additional role of human resources director.

Before joining BA, Ayling was an under-secretary at the Department of Trade and was responsible for a Parliamentary Bill which paved the way for BA's privatisation.

He was briefly seconded to the shipping industry in the mid-1970s.

In 1968, he joined the specialist aviation, shipping and insurance law firm of Elborne Mitchell [redacted] Co, becoming its youngest equity partner at the age of 24.

AMERICANS

	Notes	Price £	+ or -	1991 high	1991 low	Mkt Cap £m	Yld Gr's
Abbott Labs		32⅝xd	-1/16	34⅝	20⅞	13,874	1.7
Allegheny & W.		249p	—	385p	218p	128.9	6.8
Amdahl		726pxd	—	10⅛	667p	804.7	0.8
Amer Cyanamid		31⅛	—	42⅛	25⅞	2,912	2.7
Amer Express		10¼xd	—	17⅞	9	4,821	5.5
Amer T & T		20xd	+1/16	24½	15¼	27,248	3.5
Ameritech		35⅛	—	38⅞	32½	16,488	5.4
BankAmerica		19xd	+⅛	26	12	4,171	3.5
Bankers NY		35⅜xd	+1/16	38	20	2,468	7.8
Bell Atlantic		26¼xd	—	30½	24¼	10,323	5.4
BellSouth		27⅞	—	31¼	25	13,276	5.7
Bethlehem Steel		8½xd	-⅛	11⅛	8	495.1	3.5
Bowater		1077p	—	1535p	1048p	380.9	6.3
CPC		47⅝xd	-⅛	54	37	3,599	2.4
California Engy		764p	-52	938p	420p	139.1	—
Campbell Soup		43⅛xd	—	50	28⅛	5,412	1.9
Chase Manhattan		8⅝	+⅛	12⅞	5	1,172	8.0
Chrysler		6xd	+1/16	9	5½	1,809	5.3
Citicorp		5½xd	—	18⅞	5⅝	1,569	—
Colgate-Palm		25⅛xd	+½	25⅝	21	3,606	2.4
Cont'l Bank		489p	—	929p	438p	473.9	7.2
Dana		14xd	-1/16	21⅞	13	588.3	6.3
Data General		822p	—	1282p	203p	228.8	—
Dial		22⅞xd	-1/16	25⅝	12⅞	868.7	3.5
Dun & Brad		27⅞	—	29⅝	20¾	4,976	4.4
Eaton		32	—	40	24¼	1,161	3.8
Echlin		8⅛xd	+1/16	8½	5½	342.1	6.4
FPL		19⅜xd	-⅛	20⅞	14	3,284	7.0
Fluor		21¼xd	+1	30	17	1,729	1.1
Ford Motor		14⅛xd	+⅜	23	13	6,886	4.0
Gen Elect		37⅛xd	+⅝	40	28	32,290	3.1
General Host		391p	-15	566p	270p	—	5.1
Gillette		28xd	-7/16	45¾	20⅞	6,605	1.3
Hasbro		28⅞	+⅜	28⅞	794p	1,102	0.7
Honeywell		32⅛xd	+¼	38½	21⅛	2,201	2.9
Houston Inds		23½	—	23½	17⅞	3,029	7.1
IBM		48¼xd	-⅝	72	46	27,805	5.6
Ingersoll-Rand		24¼xd	+1/16	32½	18	1,257	3.1
Lockheed		24xd	—	28⅛	16⅝	1,537	4.5
Lowe's		1585p	—	2155p	1245p	549.4	2.1
Man Hanover		12⅞xd	+¼	18⅞	9½	979.1	14.3
Merrill Lynch		28⅝xd	+⅜	32⅞	10	2,936	2.0
Morgan (JP)		34⅜xd	+⅛	38¼	21	6,482	3.2
Morris (Philip)		38¼xd	+1/16	44	26	35,875	3.0
NYNEX		42¼	—	46	39	8,638	6.1
Pac Agric.		28½p	—	[illegible]	15p	—	—
Pall		18	—	[illegible]	15⅞	1,122	1.3
Pennzoil		38⅝xd	-⅛	[illegible]	30⅛	1,227	5.5
Quaker Oats		38⅞	+⅛	[illegible]	24⅞	2,873	2.5
Rockwell		14	+1/16	[illegible]	12⅛	3,293	3.8
Rep NY		22½xd	-⅛	[illegible]	16½	1,178	2.5
Sears, Roebuck		19½xd	+⅛	[illegible]	12	6,789	5.8
Sthwestern Bell		35⅛xd	—	[illegible]	25⅝	9,969	4.8
Sun Co		14xd	-⅜	[illegible]	14	1,584	6.9
Tenneco		17⅛xd	+⅜	[illegible]	16	2,097	5.2
Texaco		31xd	+1/16	[illegible]	29	8,222	5.6
Texas Instr		15⅜xd	+⅛	[illegible]	14	1,261	2.6
Time Warner		46⅛xd	—	64½	37⅞	4,259	1.2
TRINOVA		9¼xd	+⅛	16⅞	8	275.2	3.9
Unilab		509p	—	555p	250p	472.8	—
Utd Tech		28½xd	+1/16	29	22⅝	3,223	3.8
Unitech		68p	—	92p	42p	—	—
US West		19⅛	—	23	18¼	7,618	6.1
Varity		72p	—	168p	72p	16.8	—
Waste Manage.		21xd	-⅛	24	16⅝	10,675	1.2
Whirlpool		1880p	—	2348p	1053p	1,286	3.3
Woolworth		14	+1/16	28	13⅛	1,826	4.3

BUILDING MATERIALS - Cont.

BUSINESS SERVICES

CANADIANS

BANKS

BREWERS & DISTILLERS

BUILDING MATERIALS

CONTRACTING & CONSTRUCTION - Cont.

ELECTRICALS

ELECTRICITY

ELECTRONICS

CHEMICALS

CONGLOMERATES

CONTRACTING & CONSTRUCTION

ENGINEERING - GENERAL - Cont.

FOOD MANUFACTURING

FOOD RETAILING

HEALTH & HOUSEHOLD

ENGINEERING AEROSPACE

ENGINEERING GENERAL

HEALTH & HOUSEHOLD - Cont.

HOTELS & LEISURE

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

	Notes	Price	+ or -	1991 high	1991 low	Yld Gr's	NAV	Dis or Pm(-)
Sphere Inc.		11	—	33	18	27.2	22.0	16.0
Zero Div Pf.		65	+½	65½	56¾	—	—	—
Warrants		3	—	9½	2¾	—	—	—
Strata		146	—	154	104	1.3	179.0	18.3
Stratton		147	—	159	120	1.7	176.1	16.5
TR City of Lon.		111½	−½	121¼	90	5.5	109.4	−1.9
TR Euro Growth	s	87	—	104	78	1.5	92.3	5.8
Ptg Sub	§	54	—	58	40	2.5	—	—
TR Far East Inc.		79	—	94	58	7.1	90.6	12.8
Warrants		16	—	23	12	—	—	—
TR High Inc.	H	103	—	115	85	7.8	94.6	−8.9
Sub	§	34	—	38	24	5.8	—	—
TR Pacific		67½	+½	92	49	0.5	79.0	14.6
TR Prop.		26½xd	—	37	28	7.3	35.3	25.0
TR Smaller		140	—	155	98	3.5	144.9	3.4
TR Technology	M	36	—	52	20	0.8	90.7	60.3
Stepped Pf		98	+½	84½	79½	8.2	—	—
Zero Pf		165	—	166½	117½	—	—	—
Temple Bar	†	258	—	278	210	6.1	272.1	5.2
6pc 2002		£111½	−2	£113½	£102½	5.4	—	—
Temple Em Mkts	as	165	−1	173	92	0.6	164.4	−1.0
Warrants		60	—	63	27	—	—	—
1pc Cv 2001		£162½	—	£167½	£90½	0.6	—	—
Thornton Asian		58	—	72	55	1.1	68.2	15.0
Warrants		18	—	18	9	—	—	—
Thornton Pan Euro.		27	—	31	25	4.3	29.6	8.8
Warrants		5	—	10	5	—	—	—
Throg Dual Inc.		99xd	—	109	93	11.8	—	—
Cap		348	—	366	290	—	634.9	45.2

[illegible]

MEDIA

[illegible]

MERCHANT BANKS

[illegible]

METALS & METAL FORMING

[illegible]

MISCELLANEOUS

[illegible]

MISCELLANEOUS - Cont.

[illegible]

MOTORS

[illegible]

OIL & GAS

[illegible]

OIL & GAS - Cont.

[illegible]

OTHER FINANCIAL

[illegible]

OTHER INDUSTRIAL MATERIALS

[illegible]

PACKAGING, PAPER & PRINTING

[illegible]

PACKAGING, PAPER & PRINTING - Cont.

[illegible]

PROPERTY

[illegible]

STORES

[illegible]

STORES - Cont.

[illegible]

TELEPHONE NETWORKS

[illegible]

TEXTILES

[illegible]

TRANSPORT

[illegible]

WATER

[illegible]

SOUTH AFRICANS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

MINES

[illegible]

MINES - Cont.

[illegible]

GUIDE TO LONDON SHARE SERVICE

[illegible]

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1150 a year for each security shown, subject to the Editor's discretion.

London Share Prices

London share prices are available [illegible] FT Cityline. Calls charged at 48p per minute peak and 36p off peak, inc VAT.
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AUTHORISED UNIT TRUSTS

For Geoffrey Morley see Commercial Union

Murray Johnstone UT Mgmt (1000)H
7 West Nile St, Glasgow G2 2PX 0345 090 433

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Acumen	5	67.29	67.50	72.04	-0.19	4.16
Acumen Reserve	3	66.58	66.58	68.57	....	0.64
American Income	5	123.27	123.30	130.60	-0.80	3.64
Equity Income	5	75.94	75.94xd	81.04	-0.18	6.13
European	5	49.65	49.65	52.96	-0.02	2.40
Far Eastern	5	102.78	102.80	109.70	....	0.90
Smaller Cos	5	45.48	45.48xd	48.53	+0.13	2.84
Olympiad	5¼	44.16	44.16	47.12	-0.14	1.01
Olympiad Income	5¼	41.29	41.29xd	44.06	-0.13	6.25
UK Growth	5	71.04	71.67	76.49	-0.24	1.99

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, *including commission paid to intermediaries*. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (▼) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH
Tel: 071 - 379 - 0444.

[illegible]

FT MANAGED FUNDS SERVICE

Current Unit Trust prices are available on FT Cityline. Calls charged at 48p per minute peak and 36p off peak, inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128.

Sovereign Unit Tst Mngrs Ltd (1000)F

Standard Chartered Equitar (1200)F

Funds in Court*

Henderson Unit Trust Management Ltd

INVESCO MIM Management Ltd

Allied Dunbar Assurance Plc

Century Life Plc

Guardian Royal Exchange

Legal & General – Contd.

Manulife Group – Contd.

INSURANCES

Abbey Life Assurance Co Ltd

OTHER UK UNIT TRUSTS

Continued on next page

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	Bid Price	Offer Price	+ or -	Yield Grss
N & P Life Assurance Ltd				
6-7 Bedford Row, London, WC1R 4UJ 071-430 2348				
Life Managed Fd	105 2	110.7	...	–
Pension Managed Fd	103.3	108.8	...	–
Life Deposit Fd	111 2	117 1	...	–
Pension Deposit Fd	118 1	124.3	...	–

For National Fin see Target Life

	Bid Price	Offer Price	+ or -	Yield Grss
National Mutual Life				
The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422				
Harvester Pension Funds				
Managed	162.6	171.2	...	–
UK Equity	167 5	176.4	...	–
Overseas Equity	129.3	136.2	...	–
Fixed Interest	162 2	170 8	...	–
Property	129 2	136.0	...	–
Index Linked	151.6	159.6	...	–
Deposit	165 [illegible]	173.8	...	–
With Profits (B)	135 [illegible]	142.1	...	–

	Bid Price	Offer Price	+ or -	Yield Grss
National Provident Institution				
48 Gracechurch St, London EC3P 3HH 071-623 4200				
Managed	342.9	361.0	-0.6	–
UK Equity	430.1	[illegible]	-1.0	–
Overseas Eq	323 6	[illegible]	-0.1	–
America	273.8	[illegible]	-0.1	–
Far East	346 1	[illegible]	-2.6	–
Property	193 7	[illegible]	-0.3	–
Fixed Int	274 4	[illegible]	-0.1	–
Indexed Gilt	161 2	[illegible]	+0.1	–
Deposit	188 7	[illegible]	+0.1	–
With Profit	105 7	[illegible]	+0 1	–
Pension Fund (Accum Units)				
Managed	496 4	[illegible]	-1 4	–
UK Equity	583.7	[illegible]	-1 9	–
Overseas Eq	551 0	[illegible]	-2.1	–
America	353.0	[illegible]	...	–
Far East	568 4	[illegible]	-3 2	–

	Bid Price	Offer Price	+ or -	Yield Grss
Providence Capital Life Assc. Co Ltd				
2 Bartley Way, Hook, Hants RG27 9XA 0256 768888				
UK Equity Acc	213.3	225.1	-0.4	–
UK Fixed Int Acc	194.1	204.8	+0 8	–
Intl Equities Acc	166.5	175.7	-1.0	–
UK Managed Acc	167.5	176.6	-0.4	–
Property Acc	224 2	236.5	...	–
Money Acc	134.4	141.8	+0.1	–
Special Market Acc	139.1	146.8	-1.0	–
Japan Equity Acc	95 0	100.3	-0.5	–
North American Acc	94.8	100 0	-0.2	–
Pacific Acc	89.5	94.5	-0 4	–
Technology Acc	117 7	124.2	...	–
Nat Resources Acc	53.2	56.2	-0.2	–
European Acc	93.3	98.5	-0.7	–
Residential Prop Acc	90.6	95.6	...	–
Swiss Equities Acc	31.1	32.9	-0.1	–
Hong Kong Acc	67.3	71.0	-0.2	–
UK High Inc Eq Acc	69.2	73 0	-0.1	–
Int Fixed Interest Acc	60.3	63.7	-0.4	–
Intl Managed Acc	54.7	57.7	-0.3	–
HIP Managed Acc	111.5	117 6	-0.4	–
HIP Managed II Acc	97.5	102.8	-0.3	–
HIP Managed III Acc	106.3	112.1	-0.3	–
Total Investment Bond				
UK Equity Initial		144.5	-0.3	–
UK Fixed Int Initial		131.7	+0.5	–
Intl Equities Initial		112.2	-0.7	–
UK Managed Initial		113.7	-0.2	–
Property Initial		153.2	...	–
Money Initial		[illegible]	...	–
Special Market Initial		107.6	-0.8	–
Japan Equity Initial		73 5	-0.4	–
North American Initial		73.5	-0.1	–
Pacific Initial		69.2	-0.4	–
Technology Initial		91.1	...	–
Nat Resources Initial		41.[illegible]	-0.2	–
European Initial		83.[illegible]	-0.4	–
Residential Prop Init		86.[illegible]	...	–
Swiss Equities Initial		29.7	-0.1	–
Hong Kong Initial		64.0	-0.2	–
UK High Inc Eq Init		65 8	-0.1	–

OFFSHORE INSURANCES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

MANAGEMENT SERVICES

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

هكذا من الأصل

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 48p per minute peak and 36p off peak, inc VAT. To obtain your free Unit Tru[redacted] Booklet ring (071) 925-2128.

	Bid Price	Offer Price	+ or -	Yield Gross
Baring International Fd Mngrs (Ireland) Ltd				
Australia	$16.40	17.22al	+0.18	1.05
Japan Tech	$57.42	60.29	+0.25	—
Japan Fund	$24.56	25.79		0.17
Japan New Gen Fd	$18.24	19.16	+0.10	—
Malay Sing	$56.23	58.00	+0.82	0.31
Nth American	$22.23	23.35	+0.21	0.58
Octopus Fund	$21.80	22.89al	+0.09	0.86
Pacific Fd	$60.83	63.88al	+0.42	—
International Bond	$17.30	18.17al	+0.05	6.69
Europa Fund	$13.27	13.94al	+0.19	—
British Screen Fd	$0.86	0.91al		—
Tristar Warrant	$11.02	11.58	+0.10	—
Hong Kong	$51.20	53.76al	+0.08	3.09
Mngd Portfolio (Stlg)	£3.95	4.27	+0.04	—
Mngd Portfolio (Dlr)	$10.20	10.77	+0.12	—
Currency Fd-Sterling		£19.79	+0.01	—
Currency Fd-US Dollar		$15.50		—
Curr Fd-Deutschemark		DM41.04	+0.01	—
Curr Fd-Managed $	$45.89	48.18	+0.05	—
Federated International Funds Plc				
Federated Short-term US Gov't Securities Fund				
Institutional Svc Series*		$1.00		4.37
Investment Series*		$1.00		4.37

* Annualised Yield

ISLE OF MAN (SIB RECOGNISED)

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Allied Dunbar Intl Fund Mgrs (1600)F						
Lord Street, Douglas, IoM						0624 661551
ADI Managed(z)	5	[illegible]	0.576	0.6134	[illegible]	1.94
ADI Mngd Currency(z)	5	[illegible]	0.4114	0.4336	[illegible]	5.28
ADI W'wide Eqty(z)	5	[illegible]	0.651	0.6953	[illegible]	1.11
ADI Nth Amer Gth(z)	5	[illegible]	0.7928	0.8441	[illegible]	0.01
ADI Far East (z)	5	[illegible]	1.086	1.156	[illegible]	1.15
ADI Gth & Income(z)	5	[illegible]	0.2566	0.2705	[illegible]	8.43
ADI UK Cap Gth (z)	5	[illegible]	0.22	0.2343	[illegible]	5.46
ADI Europe Fd (z)	5	[illegible]	1.059	1.124	[illegible]	1.53

For conversion Prices of Shares Phone: 0624 662860

Asset Global Funds Ltd (1200)
Victory Hse, Prospect Hill, Douglas, IoM 0624 620097

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
TSB Trust Funds – Contd.						
UK Equity	5	139.77	139.77	150.39	+0.03	0.91
International Equity	5	110.90	110.90	117.98	-0.83	0.00
Far Eastern	5	86.17	86.17	92.51	-0.37	0.00
European	5	77.15	77.15	81.62	-0.72	0.00
Pan American	5	149.35	149.35	158.28	+0.39	0.00
TSB Gilt Fund Ltd						
Quarterly Share	3	99.24	99.24	102.55	+0.26	10.04
Monthly Share	3	97.07	97.07	100.29	+0.25	10.27

JERSEY (REGULATED)(**)

	Bid Price	Offer Price	+ or -	Yield
Barclays Intl Funds				
Currency Funds				
Sterling		£21.54	+0.02	9.8
US Dollar		$31.56		3.5
Deutschemark		DM55.70	+0.03	7.9
Yen		Y4,068	+0.01	5.1
Managed Multicurrency	£13.06	13.59	-0.02	—
Managed Multicurrency	$25.33	26.23	+0.01	—
Bond Funds				
Sterling Bond	£0.411	0.427	+0.001	10.6
US Government Income	$99.54	105.08	-0.13	6.7
Asian Selection Funds				
Hong Kong	$13.012	13.667		3.8
Indonesia	$7.704	8.109		2.5
Korea	$9.639	10.146		2.5
Malaysia	$9.777	10.292		0.5
Philippines	$10.794	11.362		2.5
Singapore	$11.695	12.311		1.0
Thailand	$12.017	12.650		2.5
South East Asia	$13.043	13.424		3.8
US Dollar Liquidity	$9.589	10.062		3.4
Cater Allen Investment Manage[illegible] (CI)				
CA Gilt Income	£6.55	6.85		17.42
CA Gilt & Futures	£1.025	1.078	—	7.42
CA Equity Gwth	£3.93	4.29		3.50
Citibank (CI) Ltd "Citifunds"				
Liquidity Funds				
Deutschemark		DM30.292	+0.008	—
Yen		Y3016.541	+0.547	—
Sterling		£12.256	+0.003	—

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

	Bid Price	Offer Price	+ or -	Yield Gross
Gaia Currency Funds				
Gaia Hedge I	$104.76	105.10		—
Gaia Hedge II	$211.76	214.55		—
Gaia Hedge III	$36.30	37.06		—
Gaia Gtd Crrncy I	$75.68	—		—
Gaia Gtd Crrncy II	$77.71	—		—
Gaia Swiss Franc	SFr87.18	88.20		—
Gartmore Investment Ltd				
Gartmore Fund Managers International Ltd				
Capital Strategy Portfolio				
Income Portfolio		0.99	(z)	9.42

	Bid Price	Offer Price	+ or -	Yield Gross
North Star Fund Managers – Contd.				
Strong High Perform F1	DM228.0	229.0	+1	—
Mixed Intl Fd	DM160.0	161.0		—
Invest Fd (Cayman)	DM142.0	143.0		—
High Perf Fd (Cayman)	DM159.0	160.0		—
Bond Fd (Cayman)	DM141.0	142.0	+1	—
Mixed Fd (Cayman)	DM130.0	131.0		—
High Security Fd	DM163.0	164.0		—
High Income Fd	£12.0	12.1	-0.1	—
Dollar Growth Fd	$1.41	1.42	+0.01	—
Dollar Income Fd	$1.16	1.17al		—
North Star International Currency Fund				

Viking Fund–SICAV
ANAV Dec 9 Ecu67.45

	Bid Price	Offer Price	+ or -	Yield Gross
"WINTERTHUR" Fund Mngmt Co (Lux) SA				
Global Intl Bond	Ecu110.27			—
Global Intl Equity	Ecu96.36			—
Global Intl Reserve	SFr211.78			—
World Bond Fund–SICAV (a)				
World Bond Fund	1524.62	25.871	+0.011	0.77
Inv Adv Warburg Asset Mngs London				
World Trust Fund				

Yamaichi Advanced Technology Fd

Yamaichi 1992 DMNI [illegible] SICAV (a)

FT MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar drifts in thin market

THE DOLLAR drifted lower [illegible] thin pre-Christmas dealing as attention switched from the Soviet Union to [illegible] possibility that US interest rates might be lowered this week and German rates raised.

The dollar traded in a narrow range of DM1.5740 and DM1.5840 and finished the session in the middle at DM1.5785 from DM1.5825 on Friday. It finished lower against the yen, at Y128.45 from Y128.80.

For much of the European day, turnover was depressed as the London market turned quiet after [illegible] disruption to transport caused by a bomb attack near a railway [illegible].

The dollar had been edging higher last week as its [illegible] haven qualities [illegible] investors, worried [illegible] the political turmoil in the Soviet Union. But with few fresh developments to capture the market's interest, the dollar [illegible] gently lower.

Depressing [illegible] US currency [illegible] speculation that the Federal [illegible], at its open market committee meeting today, [illegible] to the weakness in the US [illegible] by cutting the discount [illegible] by ¼ point to 4 per cent.

Further downward pressure on the dollar may come on Thursday when the Bundesbank council [illegible] believe the Bundesbank will maintain the squeeze on inflation by raising the Lombard rate to 9¾ per cent from 9¼ per cent.

The other factor causing the dollar to decline was the latest batch of US economic statistics, which underscored market belief that a cut in interest [illegible] is imminent.

November industrial production fell by 0.4 per [illegible] compared with October's unchanged number and [illegible] of just [illegible] 0.1 per cent monthly decline.

Capacity utilisation in November dipped to 79.1 from 79.6 in October and forecasts of 79.4. Analysts said [illegible] big fall in output from the automotive [illegible] particularly worrying.

The [illegible] on the foreign exchanges [illegible] sterling, which rallied in early dealing on strong buying interest against the mark before dipping [illegible] in the session [illegible] worries about the economy crept back into the market.

Initially, sterling rose by a pfennig to DM2.8830 as two orders, worth around £100m in total, to buy pounds for marks were executed in London and Frankfurt.

But sterling fell back to close unchanged on the day at DM2.8750 as the market concentrated on a [illegible] per cent decline in manufacturing output in October, compared with forecasts of a [illegible] per cent rise. Output in September fell [illegible] revised 0.3 per cent.

Analysts [illegible] also still assessing the comments on Friday by [illegible] Norman Lamont, the UK chancellor, when [illegible] said that sterling would move to the narrow 2¼ per [illegible] band in [illegible] ERM [illegible] central [illegible] of DM2.95. Mr Mark Austin, at Hongkong Shanghai Bank, said: "J[illegible]t as in the run-up [illegible] ERM entry, sterling [illegible] being talked up by officials."

£ IN NEW YORK

Dec 16	Latest	Previous Close
£ Spot	1.8220-1.8230	1.8150-1.8165
1 month	0.98-0.97pm	0.90-0.88pm
3 months	2.66-2.63pm	2.67-2.64pm
12 months	9.60-9.50pm	9.60-9.50pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Dec 16	Previous
8.30 am	91.5	91.0
9.00 am	91.5	91.0
10.00 am	91.6	91.0
11.00 am	91.6	91.0
Noon	91.6	91.1
1.00 pm	91.6	91.7
2.00 pm	91.6	91.7
3.00 pm	91.6	91.6
4.00 pm	91.6	91.5

CURRENCY MOVEMENTS

[illegible]

CURRENCY RATES

[illegible]

OTHER CURRENCIES

Dec 16	£	$
Argentina	[illegible]	[illegible]
Australia	[illegible]	[illegible]
Brazil	[illegible]	[illegible]
Finland	[illegible]	[illegible]
Greece	[illegible]	[illegible]
Hong Kong	[illegible]	[illegible]
Iran	[illegible]	[illegible]
Korea(Sth)	1363.15 - 1385.10	752.80 - [illegible]
Kuwait	0.52030 - 0.52100	0.28550 - 0.28560
Luxembourg	59.15 - 59.25	32.45 - 32.55
Malaysia	5.0005 - 5.0085	2.7455 - 2.7475
Mexico	5537.35 - 5547.10	3040.00 - [illegible]
N.Zealand	[illegible] - [illegible]	1.7910 - 1.7930
Saudi Ar.	[illegible] - [illegible]	3.7490 - 3.7500
Singapore	[illegible] - [illegible]	1.6470 - 1.6490
S.Af (Cm)	[illegible] - 5.0660	2.7720 - 2.7770
S.Af (Fn)	[illegible] - 5.9460	3.1595 - [illegible]
Taiwan	46.85 - [illegible]	25.70 - [illegible]
U.A.E.	6.6415 - [illegible]	3.6715 - [illegible]

EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency amounts Against Ecu Dec 16	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	129.980	-2.73	4.53	47
Belgian Franc	42.4032	42.0055	-0.94	2.63	44
D-Mark	2.05586	2.03984	-0.78	2.47	48
Dutch Guilder	2.31643	2.29834	-0.78	2.47	37
Irish Punt	0.767417	0.765155	-0.29	1.97	12
Italian Lira	1538.24	1539.82	0.10	1.57	-7
French Franc	6.89509	6.96609	1.03	0.63	-58
Danish Krone	7.84195	7.93222	1.15	0.51	-84
Sterling	0.696904	0.708540	1.67	0.00	-33

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Dec 16	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.8170 - 1.8245	1.8210 - [illegible]	0.99-0.97cpm	6.46	2.70-2.67pm	5.90
Canada	[illegible] - [illegible]	2.0795 - [illegible]	0.70-0.60cpm	3.75	1.74-1.59pm	3.20
Netherlands	3.2330 - [illegible]	[illegible] - 3.2450	⅛-¼cpm	0.69	⅜-¼pm	1.00
Belgium	99.00 - [illegible]	99.15 - 99.25	10-5cpm	1.52	15-8pm	0.78
Denmark	11.1670 - [illegible]	11.1800 - 11.1900	1¼-¾orepm	1.07	2⅛-1⅝pm	0.69
Ireland	[illegible]	[illegible] - [illegible]	0.03-0.07pdis	-0.56	0.01pm-0.09dis	-0.15
Germany	[illegible]	2.8725 - [illegible]	⅜-¼pfpm	1.04	¾-½pm	0.87
Portugal	253.70 - [illegible]	254.10 - [illegible]	27-101cdis	-3.02	131-224dis	-2.79
Spain	182.60 - [illegible]	182.60 - [illegible]	30-38cdis	-2.23	88-99dis	-2.05
Italy	2168.15 - 2177.15	2170.75 - [illegible]	3-5liredis	-2.21	8-10dis	-1.66
Norway	11.2835 - 11.3410	11.2875 - [illegible]	¼-1oredis	-0.73	⅛-3⅛dis	-0.77
France	[illegible] - 9.8410	9.8175 - [illegible]	⅛-⅛cpm	0.76	1½-1pm	0.51
Sweden	10.4850 - 10.5300	10.4950 - 10.5050	3¾-4oredis	-4.36	6⅝-7½dis	-2.74
Japan	233.50 - 234.50	233.50 - 234.50	1-⅞ypm	4.81	2⅝-2½pm	4.38
Austria	20.18 - 20.29	20.21 - 20.24	3¼-2gropm	1.52	5¼-3⅛pm	0.88
Switzerland	[illegible]	2.5350 - 2.5450	⅝-½cpm	2.66	1½-1⅜pm	2.26
Ecu	[illegible]	1.4095 - 1.4105	0.04pm-0.01cdis	0.13	0.05pm-0.01dis	0.06

Commercial rates taken towards the end of London trading. Six-month forward dollar 5.18-5.13cpm . 12 Month 9.65-9.55cpm

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Dec 16	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8170 - 1.8245	1.8210 - 1.8220	0.99-0.97cpm	6.46	2.70-2.67pm	5.90
Ireland†	1.6830 - 1.6920	1.6885 - 1.6895	0.83-0.78cpm	5.72	2.42-2.32pm	5.61
Canada	1.1410 - 1.1440	1.1430 - 1.1440	0.24-0.28cdis	-2.73	0.75-0.81dis	-2.73
Netherlands	[illegible]	1.7780 - 1.7790	0.82-0.85cdis	-5.63	2.32-2.36dis	-5.26
Belgium	[illegible]	32.45 - 32.55	13.00-16.00cdis	-5.35	38.00-44.00dis	-5.05
Denmark	[illegible]	[illegible] - 6.1425	2.55-2.85oredis	-5.28	7.55-8.15dis	-5.11
Germany	1.5735 - [illegible]	[illegible] - 1.5790	0.70-0.71pfdis	-5.36	1.99-2.01dis	-5.07
Portugal	[illegible] - 140.45	[illegible] - 139.90	115-135cdis	-10.73	300-330dis	-9.01
Spain	[illegible] - 101.00	[illegible] - 100.55	71-76cdis	-8.78	198-208dis	-8.08
Italy	[illegible] - 1194.75	1191.50 - 1192.50	8.40-8.90liredis	-8.71	22.40-23.40dis	-7.68
Norway	[illegible] - 6.2230	6.1975 - 6.2025	3.30-3.80oredis	-6.87	9.35-9.95dis	-6.23
France	5.3740 - 5.4065	5.3900 - [illegible]	2.53-2.58cdis	-5.69	7.24-7.34dis	-5.41
Sweden	5.7465 - 5.7810	5.7625 - [illegible]	5.70-5.90oredis	-12.07	14.15-14.45dis	-9.92
Japan	128.20 - [illegible]	128.40 - 128.50	0.17-0.18ydis	-1.63	0.47-0.48dis	-1.49
Austria	11.0940 - 11.1460	11.1125 - [illegible]	4.70-5.20grodis	-5.34	13.30-14.60dis	-5.02
Switzerland	1.3910 - 1.3990	[illegible]	0.45-0.48cdis	-4.00	1.26-1.29dis	-3.64
Ecu	1.2880 [illegible]	1.2895 - 1.2905	0.71-0.68cpm	6.47	1.91-1.85pm	5.83

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

Dec 16	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	11 - 10¾	10⅞ - 10¾	10⅞ - 10¾	10⅞ - 10⅞	10⅞ - 10⅞	10⅞ - 10¾
US Dollar	4⅝ - 4⅛	4⅝ - 4⅛	4⅝ - 4⅛	4⅝ - 4⅛	4⅝ - 4⅛	4⅝ - 4⅛
Can. Dollar	7⅛ - 6⅝	7⅛ - 6⅝	7⅛ - 7⅛	7⅛ - 6⅞	7⅛ - 6⅞	7⅛ - 6⅞
Dutch Guilder	9⅝ - 9½	9⅝ - 9½	9⅞ - 9⅞	9⅞ - 9⅞	9⅞ - 9⅞	9⅝ - 9½
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

EXCHANGE CROSS RATES

	£	$	DM	Yen	F Fr.	S Fr.	N Fl.	Lira	C$	B Fr.	Ecu
£	1	1.822	2.875	[illegible]	[illegible]	[illegible]	[illegible]	2171	2.080	[illegible]	1.410
$	0.549	1	1.578	[illegible]	[illegible]	1.394	1.778	[illegible]	1.142	[illegible]	[illegible]
DM	0.348	[illegible]	1	[illegible]	[illegible]	3.417	[illegible]	1.127	755.1	[illegible]	[illegible]
YEN	[illegible]	[illegible]	[illegible]	1000.	41.98	10.85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
F Fr.	[illegible]	[illegible]	[illegible]	238.2	10.	2.586	[illegible]	[illegible]	2.117	60.27	[illegible]
S Fr.	0.394	0.717	1.132	92.13	[illegible]	1	1.276	[illegible]	[illegible]	23.31	[illegible]
N Fl.	0.309	0.562	0.887	[illegible]	[illegible]	[illegible]	1	[illegible]	[illegible]	18.27	[illegible]
Lira	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.170	[illegible]	1000.	[illegible]	[illegible]	[illegible]
C $	[illegible]	0.876	[illegible]	112.5	[illegible]	1.221	1.558	1044	1	[illegible]	[illegible]
B Fr.	[illegible]	[illegible]	[illegible]	[illegible]	16.59	[illegible]	[illegible]	[illegible]	3.514	[illegible]	[illegible]
Ecu	0.709	1.292	2.039	166.0	6.967	1.801	[illegible]	1540	1.475	41.99	1

Yen [illegible] 1,000: French Fr. per [illegible] Lira per 1,000: [illegible] Fr. [illegible] 100.

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS — [illegible]

LIFFE US TREASURY BOND FUTURES OPTIONS — [illegible]

LIFFE BUND FUTURES OPTIONS — [illegible]

LIFFE EUROMARK OPTIONS — [illegible]

LIFFE ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS — [illegible]

LIFFE SHORT STERLING OPTIONS — [illegible]

LONDON (LIFFE)

[illegible]

CHICAGO

[illegible]

PARIS

[illegible]

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls March	Calls June	Calls September	Puts March	Puts June	Puts September
106	1.35	2.15	-	0.43	0.60	-
107	0.77	-	-	0.85	-	-
108	0.38	-	-	-	-	-
109	0.18	-	-	-	-	-
Open Int.	132,441	10,397	50	87,089	12,810	100

Estimated volume 26,869 Total Open Interest 243,687

* Contracts traded on APT. Closing prices shown.

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.8215	1.8117	1.7947	[illegible]	[illegible]

BASE LENDING RATES

	%		%		%
Adam & Company	10.5	Credit Lyonnais	10.5	McDonnell Douglas Bk.	10.5
Allied Trust Bank	10.5	Cyprus Popular Bk	10.5	Midland Bank	10.5
AIB Bank	10.5	Dunbar Bank PLC	10.5	Mount Banking	10.5
● Henry Ansbacher	10.5	Duncan Lawrie	10.5	NatWestminster	10.5
B & C Merchant Bank	10.5	Equatorial Bank plc	10.5	Northern Bank Ltd	10.5
Bank of Baroda	10.5	Exeter Bank Limited	11	Nykredit Mortgage Bank	11
Banco Bilbao Vizcaya	10.5	Financial & Gen. Bank	11	Provincial Bank PLC	14
Bank of Cyprus	10.5	First National Bank Plc.	14	Roxburghe Bank Ltd.	11.5
Bank of Ireland	10.5	● Robert Fleming & Co.	10.5	Royal Bk of Scotland	10.5
Bank of India	10.5	Robert Fraser & Ptnrs.	11	● Smith & Williamson Secs.	10.5
Bank of Scotland	10.5	Girobank	10.5	Standard Chartered	10.5
Banque Belge Ltd	10.5	● Guinness Mahon	10.5	TSB	10.5
Barclays Bank	10.5	● Hambros Bank	10.5	Unibank plc	10.5
Benchmark Bank	11	Hampshire Trust Plc	13.5	● United Bk of Kuwait	10.5
Brit Bk of Mid East	10.5	Heritable & Gen Inv Bnk.	10.5	Unity Trust Bank Plc	10.5
● Brown Shipley	10.5	● Hill Samuel	10.5	Western Trust	10.5
CL Bank Nederland	10.5	C. Hoare & Co.	10.5	Westpac Bank Corp.	10.5
Citibank NA	10.5	Hongkong & Shanghai	10.5	Whiteaway Laidlaw	10.5
City Merchants Bank	10.5	Julian Hodge Bank	10.5	Yorkshire Bank	10.5
Clydesdale Bank	10.5	● Leopold Joseph & Sons	10.5		
Co-operative Bank	10.5	Lloyds Bank	10.5		
Coutts & Co	10.5	Meghraj Bank Ltd	10.5		

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKETS

UK rates firmer

UK MONEY [illegible] were slightly firmer as sterling gave up early gains against the D-Mark on the exchange markets, although [illegible] higher [illegible] a large liquidity shortage in the credit system.

Three months money [illegible] 10$\frac{11}{16}$-⅝ [illegible] cent, up $\frac{1}{16}$; [illegible] months [illegible] unchanged [illegible] 10$\frac{9}{16}$-$\frac{7}{16}$ [illegible] cent; and [illegible] money [illegible] down $\frac{1}{16}$ at 10½-$\frac{7}{16}$ per cent.

Period rates had begun the session slightly lo[illegible] on the day as sterling initially jumped by more than a pfennig [illegible] in continuing [illegible] to comments by Mr Norman Lamont, the UK chancellor, ruling out [illegible] devaluation.

But as [illegible] on and with sterling under pressure after [illegible] set of manufacturing output numbers for October, rates began to gradually creep higher.

In the futures market, trading was brisk with the March short sterling contract following the pound higher and then [illegible].

The March [illegible] rose [illegible] 89.95, up [illegible] points, before ending at [illegible] points on the day.

The money and interest [illegible] futures markets [illegible] still anticipating no early [illegible] in UK [illegible] say [illegible] long as sterling is under pressure there will [illegible] little scope [illegible] any [illegible] adjustment [illegible].

[illegible] short [illegible] money market, [illegible] were firmer [illegible] of England forecast a large daily liquidity shortage of £1.8bn.

The factors causing the shortage were [illegible] large flow of money into the Exchequer and the [illegible] of bills and the unwinding of Bank of England assistance.

During the day, the Bank injected £1.634bn of liquidity into the market [illegible] help offset the shortage. But this still left the market £166m shortage by the end of [illegible] day and overnight money closed at 11⅝-⅞ per cent, up ⅛ point.

Also underpinning [illegible] were the suggestions that the Bundesbank may [illegible] the Lombard rate by [illegible] point to 9¾ per cent on Thursday.

Call money was quoted at 9.00-9.10 per cent from 8.90-9.00 per cent on Friday. Short-term German [illegible] were boosted by large December tax payments, which were starting to drain out of the [illegible].

A [illegible] in bank reserve holdings last week also caused some upward pressure on [illegible]

UK clearing bank base lending rate 10.5 per cent from September 4, 1991

FT LONDON INTERBANK FIXING

(11.00 a.m. Dec.16) 3 months US dollars		6 months US Dollars	
bid 4$\frac{7}{16}$	offer 4$\frac{9}{16}$	bid 4$\frac{7}{16}$	offer 4$\frac{9}{16}$

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

Lunchtime

		Treasury Bills and Bonds			
Prime rate	7½	One month	4.25	Three year	5.40
Broker loan rate	6¾	Two month	4.40	Four year	5.51
Fed funds	4½	Three month	4.23	Five year	6.26
Fed funds at intervention	-	Six month	4.31	Seven year	6.74
		One year	4.41	10-year	7.22
		Two year	5.06	30-year	7.79

Dec. 16	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	9.00-9.10	9.30-9.50	9.30-9.50	9.30-9.50	9.30-9.50	9.25
Paris	9½-9⅝	9⅞-9$\frac{11}{16}$	9⅝-9⅞	9¾-9⅞	9$\frac{11}{16}$-9$\frac{13}{16}$	9.25
Zurich	6⅞-6⅞	8¼-8⅞	-	8-8¼	-	-
Amsterdam	9.56-9.68	9.65-9.75	-	9.56-9.66	-	-
Tokyo	6⅜-6⅞	6⅜-6$\frac{11}{16}$	-	5$\frac{13}{16}$-6⅛	-	-
Milan	11⅞-12⅛	12$\frac{1}{2}$	-	12$\frac{5}{16}$-12⅛	-	-
Brussels	9.25-9.38	9⅞-9$\frac{11}{16}$	-	9⅞-9$\frac{11}{16}$	-	-
Dublin	9¾-9⅞	10⅛-10⅛	10⅛-10⅛	10⅛-10½	10⅛-10½	-

LONDON MONEY RATES

Dec 16	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	13¼	10⅞	10$\frac{13}{16}$	10$\frac{11}{16}$	10⅞	10$\frac{7}{16}$
Interbank Bid	10⅝	10⅝	10$\frac{11}{16}$	10⅞	10⅝	10⅜
Sterling CDs	-	-	10$\frac{11}{16}$	10¾	10$\frac{13}{32}$	10⅝
Local Authority Deps.	10⅞	10¾	10¾	10$\frac{11}{16}$	10$\frac{7}{16}$	10⅞
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	10⅛	10⅝	-	-	-	-
Company Deposits	-	-	10$\frac{13}{16}$	10$\frac{13}{16}$	10$\frac{7}{16}$	10$\frac{7}{16}$
Finance House Deposits	-	-	10$\frac{11}{16}$	10¾	10½	10⅜
Treasury Bills (Buy)	-	-	10⅝	10	9¾	-
Bank Bills (Buy)	-	-	10$\frac{11}{16}$	10⅛	9$\frac{13}{16}$	-
Fine Trade Bills (Buy)	-	-	-	-	-	-
Dollar CDs	-	-	4.88	4.50	4.48	4.55
SDR Linked Dep. Offer	-	-	7	6⅞	6⅞	6$\frac{13}{16}$
SDR Linked Dep. Bid	-	-	6⅞	6¾	6¾	6$\frac{11}{16}$
ECU Linked Dep. Offer	-	-	10$\frac{11}{16}$	10$\frac{7}{16}$	10$\frac{7}{16}$	10¼
ECU Linked Dep. Bid	-	-	10$\frac{5}{16}$	10⅛	10⅛	10⅛

Treasury Bills (sell): one-month 10$\frac{3}{16}$ per cent; three months 9$\frac{15}{16}$ per cent; six months 9⅝ per cent; Bank Bills (sell): one-month 10$\frac{3}{16}$ per cent; three months 10$\frac{3}{16}$ per cent; Treasury Bills; Average tender rate of discount 9.9803 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day November 29, 1991. Agreed rates for period Dec.25, 1991 to January 25, 1992, Scheme I: 11.74 p.c., Schemes II & III: 11.75 p.c. Reference rate for period November 1, 1991 to November 29, 1991, Scheme IV&V: 10.513 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 11 from December 1, 1991: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 7 per cent; one-three months 9½ per cent; three-six months 9 per cent; six-nine months 9 per cent; nine-twelve months 9 per cent; Under £100,000 7 per cent from Sept 5, 1991. Deposits withdrawn for cash 5 per cent.

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

JOTTER PAD

CROSSWORD

No.7,726 Set by CINEPHILE

ACROSS

1 Open or enclosed ground or plain (6,2,6)
10 Stick two francs in French spa (5)
11 Model I come across: she enters a record of work (4,5)
12 Gardener's mistake? (7)
13 Country song about posh street (7)
14 Philosopher goes from Paris to Iceland (5)
16 Port down under needs nearly loose cover (9)
[illegible] Belligerent performer [illegible] shoot at a tree, possibly (4-5)
20 Cast sounds unable to function [illegible]
22 Home herbs for the stomach (7)
25 Real (note, real) [illegible] number must fall into [illegible]
27 Food scored with industrial diamond causes trouble on paper (9)
28 Oriental holly, end first, away from home (5)
29 Cocky little twerp, one that punished a bad dog? (14)

DOWN

[illegible] Indisposed, being the wrong shade? (3,6)
[illegible] Automatic saw (5)
[illegible] What one really makes of it after trapper [illegible] power (3,6)
5 Dance of unusual degree (5)
6 Help for fool is so much in Paris (9)
7 Boring otologist? (5)
8 Shell that's certifiable? (3,4)
[illegible] Horsy place to be found among sailors (6)
15 Oracles turn up, obviously, of course (5,4)
17 [illegible] of banal stuff on [illegible] stalk (3,2,4)
18 Precious shade (9)
19 Blonde beast unpopular in Australia (4,3)
21 Solvers lacking speed stand up to cardinal (6)
23 Finnish runner to run up the road (5)
[illegible] Street song [illegible] way up (5)
26 Bird song of little value, we hear (5)

Solution [illegible] Puzzle [illegible]

WORLD STOCK MARKETS

CANADA

TORONTO

3:00 pm prices December 16

MONTREAL

3:00 pm prices December 16

Total Sales 8,342,900 shares

INDICES

NEW YORK

DOW JONES	Dec 13	Dec 12	Dec 11	Dec 10	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	2914.36	2895.13	2865.38	2863.82	3077.15 (18/10)	2470.30 (9/1)	3077.15 (18/10/91)	41.22 (2/7/32)
Home Bonds	97.81	97.73	97.69	97.79	97.92 (12/11)	91.30 (16/1)	97.92 (12/11/91)	54.99 (1/10/81)
Transport	1218.80	1199.74	1160.53	1171.90	1287.56 (18/10)	894.30 (7/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	217.70	219.20	219.27	219.70	221.64 (2/12)	195.17 (10/7)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 2936.72 (2911.67) Low 2893.34 (2861.14)

STANDARD AND POOR'S	Dec 13	Dec 12	Dec 11	Dec 10	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	384.47	381.55	377.70	377.90	397.41 (13/11)	311.49 (9/1)	397.41 (13/11/91)	4.40 (1/6/32)
Industrials	452.77	448.80	444.53	444.88	472.01 (29/8)	364.90 (9/1)	472.01 (29/8/91)	3.62 (21/6/32)
Financial	30.83	30.60	30.10	30.15	32.54 (13/11)	21.96 (9/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	211.90	210.44	208.53	208.85	219.37 (13/11)	170.97 (9/1)	219.37 (13/11/91)	4.46 (25/4/42)
Amex Mkt. Value	369.48	366.13	366.48	368.17	392.37 (12/11)	296.72 (14/1)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	540.90	536.02	531.64	534.23	556.17 (13/11)	355.75 (14/1)	556.17 (13/11/91)	54.87 (31/10/72)

	Dec 6	Nov 29	Nov 22	year ago (approx.)
Dow Industrial Div. Yield	3.17	3.15	3.15	3.98
	Dec 11	**Dec 4**	**Nov 27**	**year ago (approx.)**
S & P Industrial div. yield	3.22	2.80	2.82	3.32
S & P Indl. P/E ratio	21.05	22.98	22.78	15.89

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day
Healthcare	7,794,600	13	—
USX-Marathon	2,851,300	22¼	-⅛
Arkla	2,539,900	11⅛	-⅛
AT & T	2,022,200	38⅛	+¼
Glaxo	1,927,300	29¾	+⅛
Gen Elec	1,890,100	67⅞	+1¼
Telefonos	1,800,900	41⅞	+⅛
Nat Med Ent	1,791,500	13⅛	-⅛
IBM	1,779,100	88	-⅛
Gen Motors	1,739,700	28⅛	+⅛

TRADING ACTIVITY

† Volume (Millions)	Dec 13	Dec 12	Dec 11
New York SE	194.470	192.930	206.010
Amex	18.020	13.568	17.801
NASDAQ	178.703	168.068	174.445
NYSE			
Issues Traded	2,183	2,163	2,175
Rises	1,092	1,028	614
Falls	555	594	1,012
Unchanged	536	541	549
New Highs	74	49	39
New Lows	30	56	116

CANADA

TORONTO	Dec 13	Dec 12	Dec 11	Dec 10	1991 HIGH	1991 LOW
Metals & Minerals	2768.41	2760.23	2752.01	2748.75	3299.99 (18/7)	2632.06 (9/1)
Composite	3359.47	3348.42	3351.92	3374.70	3604.09 (12/11)	3161.95 (15/1)
MONTREAL Portfolio	1779.00	1773.57	1776.29	1789.08	1907.35 (12/11)	1686.89 (9/1)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10, and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Dec 16	Dec 13	Dec 12	Dec 11	1991 HIGH	1991 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1605.2	1598.0	1591.9	1564.6	1696.3 (8/11)	1204.5 (16/1)
All Mining (1/1/80)	637.2	633.5	632.9	622.6	707.2 (24/7)	561.8 (16/1)
AUSTRIA						
Credit Aktien (30/12/84)	383.37	381.95	379.16	379.48	534.81 (16/4)	379.16 (12/12)
BELGIUM						
BEL20 (1/1/91)	1076.61	1081.62	1066.60	1061.52	1212.15 (17/4)	917.59 (17/1)
DENMARK						
Copenhagen SE (3/1/83)	348.17	348.34	347.46	347.68	380.04 (2/8)	302.26 (8/1)
FINLAND						
HEX General (28/12/90)	774.4	776.7	779.1	776.7	1186.9 (8/4)	774.4 (16/12)
FRANCE						
CAC General (31/12/82)	464.45	464.01	453.07	450.03	503.51 (15/11)	394.88 (15/1)
CAC 40 (31/12/87)	1696.80	1688.27	1671.62	1645.56	1867.29 (1/10)	1425.26 (15/1)
GERMANY						
FAZ Aktien (31/12/58)	632.08	633.72	629.45	628.22	717.43 (17/6)	570.48 (15/1)
Commerzbank (1/12/53)	1782.9	1789.9	1778.2	1773.9	2035.2 (31/5)	1612.5 (15/1)
DAX (30/12/87)	1552.69	1558.34	1546.39	1543.59	1715.80 (11/6)	1311.82 (16/1)
HONG KONG						
Hang Seng Bank (31/7/64)	4171.66	4155.48	4096.80	4097.23	4271.34 (15/11)	2984.01 (16/1)
IRELAND						
ISEQ Overall (4/1/88)	1381.07	1380.95	1354.52	1351.34	1520.65 (15/3)	1114.86 (25/1)
ITALY						
Banca Com. Ital. (1972)	499.96	492.75	489.75	487.87	619.38 (3/6)	482.89 (10/12)
JAPAN						
Nikkei (16/5/49)	22836.67	22754.90	21712.57	21502.90	27146.91 (18/3)	21456.76 (19/8)
Tokyo SE (Topix) (4/1/68)	1728.18	1726.15	1683.04	1666.70	2028.85 (18/3)	1625.00 (17/1)
2nd Section (4/1/68)	2510.66	2503.14	2481.29	2466.62	3423.45 (10/5)	2466.62 (11/12)
MALAYSIA						
KLSE Composite (4/4/86)	542.45	537.85	532.69	530.90	635.02 (29/5)	470.41 (16/1)
NETHERLANDS						
CBS Ttl Rtn Gen (End 1983)	272.9	272.4	268.8	267.5	284.8 (5/6)	221.4 (16/1)
CBS All Shr (End 1983)	191.7	191.3	188.8	187.9	203.1 (5/6)	162.3 (16/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	657.49	662.48	653.73	643.84	793.53 (26/8)	595.77 (2/12)
PHILIPPINES						
Manila Comp (2/1/85)	1113.88	1126.10	1125.77	1129.88	1383.40 (29/5)	580.64 (10/1)
SINGAPORE						
SES All-Singapore (2/4/75)	396.25	392.07	387.66	387.09	422.43 (26/4)	315.07 (16/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	(c)	1194.06	1232.0	1256.0	1469.0 (5/7)	971.0 (25/2)
JSE Industrial (28/9/78)	(c)	4148.06	4153.0	4157.0	4364.0 (13/11)	2829.0 (16/1)
SOUTH KOREA**						
Korea Comp Ex (4/1/80)	630.45	653.40	653.40	641.15	763.10 (6/8)	590.57 (22/6)
SPAIN						
Madrid SE (30/12/85)	237.69	240.24	238.97	237.96	289.22 (18/3)	213.70 (14/1)
SWEDEN						
Affärsvärlden Gen (1/2/37)	892.7	906.9	902.5	902.6	1149.8 (11/7)	808.4 (8/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	717.9	716.7	711.0	707.3	769.3 (14/11)	590.4 (14/1)
SBC General (1/4/87)	583.2	582.8	578.2	575.5	638.0 (31/5)	497.1 (14/1)
TAIWAN**						
Weighted Price (30/6/66)	4391.53	4417.06	4439.97	4401.79	6305.22 (9/5)	3316.26 (15/1)
THAILAND						
Bangkok SET (30/4/75)	695.48	699.69	699.69	695.10	908.13 (19/4)	582.48 (16/1)
WORLD						
M.S. Capital Intl (1/1/70) ($)	507.7*	506.5	499.6	494.5	529.2 (17/4)	439.1 (16/1)

**Saturday December 14. Taiwan Weighted Price: 4399.61. Korea Comp Ex 639.72.
& Subject to official recalculation. *Calculated at 15.00 GMT
Base values of all indices are 100 except BEL20, HEX General, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO – Most Active Stocks

Monday 16 December 1991

	Stocks Traded	Closing Prices	Change on day
Toyo Ink	18.5m	995	+10
Chugoku Marine	12.7m	1,220	+80
Mitsui Sugar	8.5m	833	-100
Clarion	5.3m	1,300	+90
Iino Kaiun	3.1m	1,140	+60
Mitsubishi Heavy	3.0m	699	+8
NKK	2.8m	353	+3
Gunma	2.6m	1,210	-20
Toshiba	2.6m	647	+7
Hitachi Zosen	2.5m	678	+1

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

3:00 pm prices, December 16

1991 High	1991 Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
16⅞	9¼	AAR Corp	0.48	3.9	16	167	12⅛	12	12⅛	+¼
22⅞	14½	A L Labs A x	0.16	0.7	24	222	21¼	21⅛	21¼	+¼
55¾	40⅞	AMP Inc	1.44	2.6	21	438	54¾	53⅞	54⅛	+½
68⅝	44¾	AMR				123771	63¾	63	63⅝	-¼
2⅝	1	ARX			1	181	1¼	1⅛	1⅛	
56	41½	ASA	3.00	6.4	13	317	48	47⅛	47⅛	-⅝
61⅞	39¼	Abbott Lab	1.00	1.6	24	3801	60⅞	59⅝	60⅞	+1¼
14⅝	9⅞	Abitibi Pr	0.44	3.3	17	3	13⅛	13⅛	13⅛	+⅛
11⅝	10⅛	ACM Gvt In x	1.26	11.4		285	11	10⅞	11	
9⅛	8¼	ACM GvOpp x	1.01	10.6		122	9½	9⅜	9½	+⅛
9½	8¼	ACM Gvt Sp x	1.01	11.1		354	9⅛	9⅛	9⅛	
11	9⅞	ACM Gvt Se	1.26	12.0		493	10⅝	10½	10½	-⅛
9	7⅝	ACM Man x	1.09	12.4		317	8⅞	8¾	8¾	-⅛
12⅞	11½	ACM Managd x	1.35	10.9		111	12⅜	12¼	12⅜	
7½	4⅝	Acme Cleve	0.40	6.7	13	54	6⅛	5⅞	6	-⅛
6	3⅛	Acme Elect			3	9	4⅝	4½	4⅝	
40	22¾	Acuson			18	575	29	28¼	28¾	-½
20¼	14¼	Adams Expr	1.63	9.1	0	69	17⅞	17¾	17⅞	+⅛
20⅛	14	Adobe12PI	2.40	16.6		66	14⅝	14½	14½	-¼
9¾	4⅞	Adobe Res			51	124	5⅛	5⅛	5⅛	
39⅝	18	Ad Micro				305	u39¾	38¼	38⅞	+⅝
16⅛	4⅝	Ad Micro P	3.00	18.9	7	84732	u16⅛	15⅞	15⅞	+⅛
5⅛	2¼	Advest Grp	0.16	3.6	6	62	4½	4⅜	4⅜	
49⅛	31⅞	Aetna Lf x	2.76	7.3	7	2017	38⅝	37⅞	38	-½
10⅝	6⅝	Ahml A x	0.24	2.9	76	565	8⅜	8¼	8⅜	+⅛
20⅞	12	Ahmanson	0.88	6.2	9	1370	14⅜	14¼	14¼	-⅝
19⅞	2⅞	Aileen Inc			18	78	u19⅞	19¼	19⅝	+¼
74⅛	51½	Air Pr Chm x	1.56	2.3	15	681	68	67⅛	68	+⅝
30	16⅝	Airbrne Frt	0.30	1.3	16	383	22⅝	22⅛	22½	+½
22½	12½	Airgas Inc			104	49	22⅛	21⅝	21⅞	+½
15¼	10	Airlease	1.85	16.8	6	24	11⅛	11	11	-⅛
100½	88⅝	AlaPw8 16	8.16	8.2		z100	99½	99½	99¼	+¼

Continued on next page

NYSE COMPOSITE PRICES

Continued from previous page

1991 High	1991 Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
4⅞	2⅛	SafewayWI96				16	3½	3½	3½	-⅛
35⅞	28⅞	StJoePaper x	0.20	0.7	35	59	29⅝	28⅞	29¼	+¼
34¼	26⅝	StJoeL&P	1.68	4.9	13	16	33⅝	33½	33⅞	+½
74¼	57	St Paul's x	2.60	3.9	7	286	67½	67¼	67½	-⅛
4¼	1½	Salant Grp			0	13	3⅝	3¼	3⅜	-¼
69¼	49⅝	Sallie Mae x	1.00	1.6	18	1157	64	63¼	64	-⅛
14¼	10⅜	Salomon Br	1.61	12.4		615	13¼	12⅞	13	+⅛
37	20¾	Salomoninc x	0.64	2.3	6	1102	28¼	28	28⅛	
45¼	37⅜	SanDgo G&E x	2.80	6.4	12	192	43⅝	43½	43⅝	+⅛
4⅜	2⅝	SantaFeEDu	0.50	19.0	20	79	2⅝	d2⅝	2⅝	-⅛
16¾	8¼	SantaFeEN x	0.16	1.9	19	386	8¾	8⅜	8½	-⅛
35¼	25	SantaFePac	2.70	8.1	10	91	33⅝	33¼	33⅜	-¼
12¼	5⅛	SantaFeSth			59	1178	11⅛	11⅛	11⅛	-⅛
52¼	28⅝	Sara Lee	1.00	2.0	17	1305	50¼	49⅞	50¼	+¼
⅛	0.05	Savin Corp			0	4839	⅛	d0.05	0.05	
7⅞	1½	Savin 0.80	0.80	49.2		6	1⅝	1⅝	1⅝	
41½	33½	Scana Corp x	2.62	6.4	12	109	41	40⅞	40⅞	-⅛
45⅞	35	Seacorp x	2.72	5.8	12	1331	u46⅞	46⅝	46⅝	+⅛
65⅝	49⅞	ScheringPl	1.32	2.1	21	2162	62¾	61¼	61½	-⅜
74	50½	Sch'berger x	1.20	1.9	22	2064	64	62¾	62¾	-⅜
25½	7⅞	Schwab(C)	0.11	0.4	26	695	25	24⅝	24⅞	+⅛
8⅞	3⅞	Schwitzer			12	32	5¼	5	5¼	+⅛
17⅞	11½	ScientAtln	0.16	1.1	14	237	15¼	14⅝	14⅞	-⅛
9⅝	6	Scotman x	0.10	1.3	12	82	7¾	7½	7⅝	+⅛
46⅞	29½	ScottPaper	0.80	2.5	65	887	32⅛	31⅞	32	-½
17¼	11⅝	ScuddrNAsF	0.68	3.9		96	15	14¾	14⅞	+⅛
10⅝	7¾	ScuddrNEuF	0.85	3.1		261	8¼	8	8¼	+⅛
28½	17½	Sea Cont	1.46	7.2	8	251	20⅝	19¾	20⅝	+¾
[illegible]										

- X - Y - Z -

1991 High	1991 Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										
29⅞	14⅛	Xtra Corp	0.72	2.8	13	78	28⅛	27⅞	28½	+⅝
27⅞	21⅛	Yankee Egy x	1.60	6.3	12	62	25⅞	25⅜	25⅜	-⅛
1½	⅝	Zapata				56	333	⅝	d⅝	⅝
8¼	5¼	ZenithElec				2	171	7	6⅞	7
18½	12	Zenith Nat x	1.00	7.0	118	208	14⅛	14	14⅛	+⅛
8⅝	4½	Zenix Inc x	0.84	13.2		113	u6⅝	6¼	6⅜	+⅛
15⅛	10	Zero Corp	0.40	3.7	14	183	10⅝	10½	10⅝	+⅛
41⅛	20⅛	Zurn Ind x	0.88	2.8	12	187	31⅛	30¾	30⅞	-⅛
13½	10¼	Zweig Fund	1.10	9.1		388	12⅝	12⅝	12⅝	+⅛
10½	8½	Zweig Tot x	0.86	8.4		1277	10⅛	10⅛	10⅛	

Price data supplied by Telekurs.

Owing to problems at Telekurs, some North American prices are temporarily being marked as at early.

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3:00 pm prices December 16

Stock	Div.	P/ E	Sls 100s	High	Low	Close	Chng
[illegible]							
Oil Corp x	0.14	8	668	7⅝	7½	7½	-⅛
Pall Corp	0.44	25	755	35⅝	34¼	35⅛	-⅛
Pegasus G x	0.10	7	195	12⅛	11⅞	11⅞	
Perini		6	24	9¼	9¼	9¼	-⅛
Pet H&P x	0.31	7	2	10½	10½	10½	
Phil LD x	0.18	12	303	30½	29¾	29⅞	-½
Pitney A x	1.10	11	136	27⅛	26⅞	27	-⅛
Ply Gem	0.12	12	274	8	7⅞	7⅞	-⅛
[illegible]							

NASDAQ NATIONAL MARKET

3:00 pm prices December 16

- X - Y - Z -

Stock	Div.	P/ E	Sls 100s	High	Low	Last	Chng
[illegible]							
Xilinx		31	851	28¼	27½	27¾	-½
XL Data		31	89	10½	10⅜	10⅜	
Xoma Corp		10	1234	19⅛	18¾	19	-⅛
Yellow Fr	0.94	18	1531	25⅛	25¼	25⅝	+⅛
York Rsch		63	2083	8	7½	7⅝	-⅛
ZionsUtah	1.44	8	224	39⅛	38¼	39¼	+1

FINANCIAL TIMES

Tuesday December 17 1991

AMERICA

Dow's rally continues on hopes of interest rate cut

Wall Street

GROWING HOPES of an interest rate cut meant that news of a bigger-than-expected decline in monthly industrial production failed to interrupt the stock market's rise yesterday morning, *writes Patrick Harverson in New York.*

By 1 pm the Dow Jones Industrial Average was up 12.97 at 2,927.33. The more broadly based Standard & Poor's 500 was also higher at midsession, up 1.10 at 385.57, while the Nasdaq composite of over-the-counter stocks added 1.30 to 542.20. Volume on the NYSE was 99m shares.

The market opened surprisingly firm, given that the 0.4 per cent decline in November industrial production reported by the Federal Reserve at 8.30 am was twice analysts' forecasts. The unwillingness of investors to sell on the news suggested that the weak state of the economy had already been factored into prices. The fact that shares actually rose after the figure was announced might have indicated that hopes of further interest rate cuts – the Fed's Open Market Committee meets today to discuss policy – are keeping up investors' spirits.

Among individual stocks, DuPont fell $¾ to $48⅛ as the market digested last Friday's late news that the company will be increasing its planned fourth-quarter charge by $350m, which will take the overall charge to $675m and push quarterly earnings into the red. The charge is being made to cover the costs of recalling an anti-fungus growth product for plants that was withdrawn from the market in March because some shipments were found to be contaminated with a herbicide.

Upjohn fell $⅝ to $39⅝, troubled by a television report about alleged side-effects of Halcion, its top-selling sleeping drug which has been temporarily banned in the UK. Upjohn denounced the television reports as misleading and irresponsible. The company also said it would be appealing against the suspension of Halcion in the UK.

Nike rose $1⅝ to $63⅛ after the sports shoe maker announced a small increase in second quarter earnings. Reebok, Nike's big rival, rose $1⅛ to $27⅛ in sympathy, while LA Gear firmed $⅛ to $10⅝.

Bank of Boston fell $1 to $10¼ on reports that the bank's merger talks with Shawmut National are nearing fruition, and that an agreement could be announced as early as this week.

USX-Marathon rose $⅛ to $22⅝ on the news that its parent, USX (up $⅝ at $25⅛), has postponed an offering of 20m new USX-Marathon common shares because of the market's uncertain conditions.

Commonwealth Edison fell $2 to $39⅞ after the Illinois Supreme Court sent a rate case under appeal back to the regulators who had previously granted the power company a smaller rate increase than it had requested.

Canada

TORONTO STOCKS recovered slightly by midday, but remained weak. The composite index was down 8.4 at 3,351.1, up from a low of 3,345.02. Declining issues led advances by 219 to 171 in light volume of 10m shares valued at C$120m.

Nova Corp of Alberta recovered from a low of C$5⅝, slipping C$⅛ to C$6⅝. The company said late on Friday that it would take a fourth quarter charge against earnings of C$675m.

Deprenyl Research rose C$⅝ to C$19⅛. The company said it had filed an investigatory new drug application with the Canadian health protection branch for the approval of a drug for Alzheimer's disease.

Global revival follows fifth week of decline

MARKETS IN PERSPECTIVE

	% change in local currency †				% change sterling †	% change in US $ †
	1 Week	4 Weeks	1 Year	Start of 1991	Start of 1991	Start of 1991
Austria	−3.28	−7.91	−18.65	−13.34	−13.33	−18.40
Belgium	+1.58	−1.61	+4.69	+8.98	+10.06	+3.62
Denmark	−0.59	−5.38	+15.15	+16.87	+16.47	+9.66
Finland	−3.32	−12.49	−14.74	−14.90	−23.58	−28.06
France	+0.54	−6.50	+4.03	+11.67	+11.65	+5.30
Germany	−0.46	−5.21	−3.64	+5.04	+5.41	−0.77
Ireland	+4.48	−3.23	+8.66	+15.44	+16.08	+9.30
Italy	−0.78	−4.69	−11.13	−5.34	−6.10	−10.65
Netherlands	+1.22	−4.47	+14.95	+15.27	+15.78	+9.00
Norway	+4.07	−5.94	−11.28	−8.77	−8.76	−14.09
Spain	−1.35	−3.12	+2.28	+10.43	+11.07	+4.57
Sweden	+0.11	−5.73	+4.65	+9.76	+13.60	+6.98
Switzerland	+0.89	−7.08	+13.87	+17.38	+13.67	+7.02
UK	+2.50	−4.21	+12.49	+13.81	+13.81	+7.15
EUROPE	+1.11	−5.10	+6.32	+10.69	+10.54	+4.07
Australia	+1.04	−4.63	+21.56	+25.66	+33.37	+25.57
Hong Kong	−0.79	−2.61	+34.38	+39.88	+48.09	+40.35
Japan	+1.19	−4.66	−3.36	+0.66	+12.51	+5.92
Malaysia	+1.19	−1.41	+1.33	−1.30	+3.01	−3.03
New Zealand	−0.76	−6.41	+9.97	+10.53	+11.58	+5.04
Singapore	+0.47	−2.56	+21.27	+22.99	+37.41	+29.11
Canada	−2.26	−5.54	+0.48	+0.16	+8.12	+1.79
USA	+1.35	+0.46	+17.66	+17.46	+24.75	+17.46
Mexico	−7.32	−13.42	+109.64	+115.70	+122.48	+109.46
South Africa	−1.30	−1.75	+29.33	+28.10	+44.43	+35.97
WORLD INDEX	+1.05	−2.87	+7.76	+10.36	+17.25	+10.39

† Based on December 13th 1991. Copyright, The Financial Times Limited, Goldman, Sachs & Co. and County NatWest Securities

By Jacqueline Moore

WORLD STOCK markets managed to shake off some of their recent gloom and moved higher last week, after five successive weeks of decline. Most leading markets rebounded, including the US, Japan and the UK which each rose by more than 1 per cent in local currency terms, according to the FT-Actuaries indices.

The gains were concentrated in the second half of the week. On Thursday, Wall Street broke a seven-day losing streak on evidence that inflationary pressures were decreasing. The following day, Tokyo's Nikkei index, which had reached a 1991 low during trading on Wednesday, leapt 4.8 per cent – its best gain of the year. The rise was partly on relief that the worrying December futures settlement was now over. The firm Japanese market in turn helped Wall Street to register a second consecutive strong gain on the Friday.

Europe firmed 1.1 per cent on the week, but this figure disguises a number of poor performances on the Continent. Among the main bourses, Germany, Italy and Spain all moved lower, while Austria and Finland suffered sharp falls of more than 3 per cent.

Indeed, the European gain was largely thanks to one market, London: excluding the UK, the Europe index managed to rise only 0.1 per cent. The British rally was partly technical, and partly triggered by a belief that last week's European Community summit at Maastricht had improved the current UK government's chances of re-election next year. Sterling strengthened for similar reasons.

The UK was not the only winner within Europe, however. Ireland and Norway both advanced by more than 4 per cent in local currencies. Mr Robbie Kelleher of Davy's, the Dublin-based broker, says the Irish market was driven higher by the recovery in overseas markets.

He adds, however, that he believes Irish stocks to be undervalued relative to other markets. "If there is a recovery in markets next year, Dublin is poised to more than participate in it, particularly the cyclical stocks," he says.

Ireland is set to end the year as one of the world's best markets, having risen more than 15 per cent in local currency terms – a performance exceeded within Europe only by Switzerland and Denmark. However, last week's other big riser, Norway, remains one of the poorest performers, having lost more than 8 per cent on the year to date.

Kleinwort Benson wrote in its Norway Monthly, published last Tuesday: "From a fundamental point of view, we think that the market is fairly priced . . . However, as the market sentiment is extremely negative, it is difficult to say whether the bottom has been reached . . . The time to buy may come during spring/summer 1992."

In sharp contrast, the best market within the FT-Actuaries indices, Mexico, has jumped more than 100 per cent in local currency, sterling and dollar terms. In recent weeks, however, the market has been in retreat on worries about the health of the economy of its main trading partner, the US.

EUROPE

Milan and Paris extend recovery in thin trade

RECOVERY in thin volume continued in the Italian and French equity markets yesterday, but the picture elsewhere was gloomy, *writes Our Markets Staff.*

MILAN majored on banks and other financials as it opened the January account with a 1½ per cent rise in thin volume, the Comit index closing 7.21 higher at 499.96.

Banco di Roma jumped L192, or 9 per cent, to L2,350 on the hope that its merger with Banco Santo Spirito will take effect before the end of this year. Stocks rising 3 per cent and more included Credito Italiano, up L62 at L1,965.

The insurer, Generali, closed L515 higher at L27,415, and rose another L235 on the kerb. The Milan merchant bank, Mediobanca, joined in with a rise of L610 to L13,900.

PARIS recovered from midsession weakness on gentle buying by institutions. The CAC 40 index closed 6.53 up at 1,696.80, near the day's high of 1,698.51 and the market's fourth successive rise. Turnover was light at about FFr1.6bn, down from FFr2.3bn.

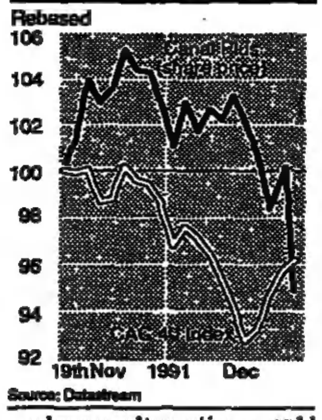
The day's principal feature was Canal Plus, which dropped to a day's low of FFr959, before closing FFr54 or 5.2 per cent down at FFr986 in active trading of 137,775 shares.

The decline was on speculation that merger talks would lead the pay-television station to acquire Havas, the media group, which gained FFr14.80 or 3.5 per cent to FFr434.60. The stock was also hurt by the news that tax inspectors have been given the right to examine the Canal Plus subscriber list to track down non-licence payers.

Canal Plus had outperformed the market in recent weeks after recommendations from a number of brokers in October and November.

FRANKFURT was influenced mainly by the reluctance of brokers to deal as the holiday season approaches. Volume fell from DM3.7bn to DM2.2bn. After a 1.64 decline to 632.08 in the FAZ index at midsession, the DAX closed 5.45 lower at 1,552.89.

The main price change, a DM16.20 drop to DM200.80 in the Siemens computer arm, Siemens-Nixdorf, reflected last week's news that the parent had reached a 95 per cent holding in S-N, that its cash offer of DM225 a share was now withdrawn and that a share exchange alternative would not follow until next March.



Source: Datastream

AMSTERDAM closed mixed in quiet trading. The CBS Tendency index added 0.2 to 88.2.

Elsevier, which has been attracting foreign demand, rose Fl 1.30 to Fl 98.10, while Rodamco, the property investment fund, gained Fl 1.30 to Fl 59 after the weekend's news that ABP, the civil servants' pension fund, was taking a 12.5 per cent stake, a quarter of which was expected to be bought in the market.

MADRID continued to slide in nervous trading. The general index lost 2.55 or 1.1 per cent to 237.69 in light turnover of about Pta9bn, down from Pta10.4bn. LISBON also moved lower. The registered shares of three banks – the market leader, BCP, BPI and Manufacturers Hanover Portugal – were due to be suspended yesterday before the stocks' listing on the continuous market on December 27. The BTA index fell 4.9 to 1,925.1.

ZURICH reported "super-thin" volume as the Crédit Suisse index slid 1.3 to 442.5. Adia bearers rose SFr13 to SFr383 after the employment group said that it had sold its Swiss security unit, Protectas, to a Swedish security combine.

STOCKHOLM failed to recover from a weak opening. The telecommunications giant, Ericsson, gloomy about prospects last week, led the decline, with its B shares down SKr 6 at SKr92, a low for the year.

The Affärsvärlden General index fell 14.2 to 892.7 but banks and financials suffered worse, with the sector index down 3.7 per cent. Gota A dropped SKr4 to SKr24 on high anticipated loan losses.

OSLO's all-share index fell nearly 1 per cent, 3.97 to 414.82, in turnover of NKr225m, on worries about domestic tax reforms and the legal wrangle over the planned EC-EFTA free market from 1993. HELSINKI's Hex index shed 3.68 to another 1991 low of 774.11 as evidence of Finland's economic and financial disarray piled up.

BRUSSELS slipped in thin trading, with the Bel20 index down 5.01 at 1,076.61. Petrofina, which pushed the bourse higher on Friday, fell back BFr250 or 2.3 per cent to BFr10,575.

Wagons-Lits, the takeover target, shed BFr220 or 2.4 per cent to BFr8,910 on the Banking and Finance Commission's statement that only a few shareholders were entitled to the higher bid price ordered by a Belgian court.

Electrorail was suspended. The company stated that its restructuring was continuing.

● Johannesburg was closed for a holiday yesterday.

FT-SE Eurotrack 100 – Dec 16

Hourly changes

Open	10 pm	11 am	Noon	1 pm	2 pm	3 pm	Close
1050.29	1050.43	1052.31	1051.17	1051.23	1050.77	1050.60	1051.15

Day's High 1052.70 Day's Low 1049.78

Dec 13	Dec 12	Dec 11	Dec 10	Dec 9
1051.10	1040.33	1034.07	1034.94	1039.46

Base value 1000 (26/10/90)

ASIA PACIFIC

Arbitrage-related buying outweighs profit-taking

Tokyo

SMALL-LOT profit-taking depressed share prices initially yesterday, but the Nikkei average closed with a modest net gain on arbitrage-related buying, *writes Emiko Terazono in Tokyo.*

The 225-issue index ended 81.77 up at 22,836.67 after a day's high of 22,893.82 and a low of 22,546.84. Profit-taking after last Friday's jump of 1,042.33 points or 4.8 per cent depressed the index in the morning session, but bargain hunting by investment trusts and arbitrage-related index buying provided support.

Volume dropped from 700m shares to 220m. In spite of the sense of relief that the December futures settlement, which had unnerved market participants, was now out of the way, most investors remained inactive because of the lack of news. "Current levels are not attractive for buying or selling," said Mr Masami Okuma at UBS Phillips & Drew.

Gains finally led losses by 556 to 428 with 169 issues unchanged. The Topix index of all first section stocks added 2.03 at 1,728.18 although, in London, the ISE/Nikkei 50 index was just 0.05 firmer at 1,291.83.

Many traders expected activity in Tokyo to fall further ahead of the year-end, with foreign investors and brokers, who have been supporting activity during the past few months, away for the holidays.

However, Daiwa Securities said investors would come into the market once interest rates eased. "The economic slowdown is accelerating, and there is a high possibility that short-term interest rates will fall," added a Daiwa official.

Issues newly designated for margin trading attracted buying. Rasa Industries advanced Y78 to Y831 and Kanto Special Steel Works put on Y6 to Y884. Mitsui Sugar forged ahead by its daily limit of Y100 to Y933.

Dealers and investors focused on speculative shares owing to the lack of news. Nippon Carbon climbed Y320 to an all-time high of Y3,420 and Toyo Ink, the most active issue of the day, firmed Y10 to Y995.

Chugoku Marine Paints, said to be the target of speculators, appreciated Y90 to Y1,220. The issue has been sought as an environmental stock, because the company makes anti-pollution marine paints.

The Tokyo Stock Exchange and the other seven Japanese stock exchanges announced yesterday that Chugoku's stock would be put on the watch list owing to its volatile price movements. Margin trading on the issue has soared, and the stock exchanges will announce the ratios of margin selling and buying balances on the stock, starting today.

In Osaka, the OSE average gained 95.52 to 24,691.66 in volume of 68.1m shares. Early bargain hunting pushed the index higher, but later profit-taking pared the gains. Nintendo, the video game maker, rose Y200 to Y12,200 on reports that the company will export Y1m of its lower-priced game machines this current fiscal year.

Roundup

US and Japanese influences left the majority of markets in the Pacific Rim higher yesterday, but most of them only modestly so.

SINGAPORE rose on bargain hunting and the expectation of key interest rate cuts, following a drop in three-month inter-bank rates just before the weekend. The Straits Times Industrial index gained 18.09 or 1.2 per cent to 1,459.41 in turnover of S$113.5m (S$86.7m).

One dealer said that lower interest rates could spark off another boom in the property sector. The SES All-Property index added 7.70 at 309.87.

KUALA LUMPUR saw continued buying by a government investment fund, which generated some follow-through by smaller investors. The composite index rose 4.60 to 542.45.

HONG KONG moved moderately higher in thin trade, the Hang Seng index putting on 16.18 to 4,171.66. Turnover sank from HK$1.3bn to HK$925m.

AUSTRALIA's All Ordinaries index improved 7.3 to 1,605.2 as turnover fell from A$301m to A$211m. News Corp lost 10 cents to A$13.10; after the close, S&P-Australian Ratings, the Australian unit of Standard & Poor's, said it had raised its long-term credit rating for News Corp to double-B-minus from single-B.

NEW ZEALAND saw support for top blue chips Telecom and Fletcher Challenge, which helped the NZSE-40 index gain 3.26 to 1,433.08. Turnover eased from NZ$18.9m to NZ$17.4m.

Telecom, hit by foreign selling over the past month, was the most active stock as it gained 3 cents to NZ$2.47 in volume of 2m shares. Fletcher Challenge firmed 2 cents to NZ$3.27 in the next heaviest, 1.3m shares.

SEOUL fell for the third straight day, the composite index losing 9.27 to 630.45 in turnover fractionally lower at Won149.9bn.

Encouraging news on the day included government measures to help strengthen manufacturing competitiveness and expectations of a trade agreement between South Korea and China at tomorrow's meeting in Seoul.

In the market, however, financials lost 2.3 per cent on margin trading considerations, and manufacturing weakened on business failure rumours. Only construction and trade-related issues showed relatively small losses, aided by expectation of improved inter-Korean relations.

BOMBAY fell, but recovered from its day's lows on buying by state-owned investment houses. The BSE index ended 12.43 down at 1,804.81.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	FRIDAY DECEMBER 13 1991								THURSDAY DECEMBER 12 1991					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1991 High	1991 Low	Year ago (approx)
Australia (69)	148.23	+0.6	120.95	120.68	121.95	127.92	+0.6	4.56	147.36	120.77	120.35	121.08	127.12	160.31	112.74	119.94
Austria (20)	160.46	+0.3	130.93	130.65	132.02	132.56	+0.7	2.18	160.06	131.18	130.72	131.52	131.60	222.37	153.86	210.23
Belgium (47)	137.01	+1.2	111.79	111.54	112.72	109.96	+1.2	5.39	135.39	110.96	110.56	111.24	108.68	151.20	118.04	137.25
Canada (115)	132.36	+0.3	108.00	107.76	108.89	109.45	+0.3	3.35	131.99	108.18	107.79	108.45	109.15	144.28	126.49	129.40
Denmark (37)	255.10	+0.4	208.15	207.70	209.88	213.64	+0.5	1.67	254.10	208.25	207.52	208.79	212.63	270.56	217.74	248.28
Finland (15)	74.20	−0.1	60.55	60.42	61.05	66.77	+0.1	3.65	74.30	60.90	60.68	61.05	66.73	125.15	74.20	108.74
France (109)	138.73	+1.2	113.20	112.94	114.13	117.62	+1.3	3.76	137.13	112.39	111.98	112.67	116.16	152.26	119.11	140.83
Germany (65)	111.04	+0.6	90.61	90.42	91.36	91.36	+0.7	2.52	110.42	90.50	90.19	90.73	90.73	125.35	94.15	121.74
Hong Kong (55)	170.96	+1.4	139.50	139.19	140.66	170.61	+1.4	4.36	168.59	138.17	137.68	138.53	168.26	176.14	119.62	125.73
Ireland (16)	162.27	+2.8	132.40	132.11	133.50	135.86	+3.0	3.69	157.85	129.37	128.91	129.70	131.96	182.46	132.80	158.62
Italy (77)	69.97	+0.4	57.09	56.96	57.56	62.45	+0.5	3.71	69.68	57.11	56.90	57.25	62.11	88.23	64.78	84.54
Japan (474)	132.16	+3.0	107.83	107.60	108.74	107.60	+2.7	0.79	128.30	105.15	104.78	105.44	104.78	146.97	118.23	131.42
Malaysia (68)	205.72	+0.9	167.86	167.48	169.25	217.80	+1.0	2.86	203.82	167.04	166.45	167.47	215.63	247.78	189.18	207.55
Mexico (17)	1224.18	+0.0	998.88	996.69	1007.18	4070.25	+0.0	1.26	1224.18	1003.30	999.78	1005.91	4070.25	1404.63	534.45	603.08
Netherland (31)	146.03	+1.3	119.16	118.90	120.15	118.87	+1.5	4.54	144.12	118.11	117.70	118.42	117.15	148.25	125.70	136.33
New Zealand (14)	45.60	+0.1	37.20	37.12	37.51	43.34	+0.3	6.34	45.54	37.32	37.20	37.42	43.23	54.64	41.18	43.81
Norway (30)	175.48	+0.5	143.18	142.87	144.36	148.74	+0.9	1.74	174.63	143.12	142.62	143.50	147.43	223.24	157.08	214.21
Singapore (38)	205.64	+1.0	167.79	167.42	169.18	156.93	+1.2	2.23	203.58	166.85	166.27	167.28	155.08	213.93	151.63	162.77
South Africa (61)	248.66	−1.5	202.91	202.46	204.59	174.49	−0.9	2.82	252.48	206.92	206.19	207.45	176.04	271.99	173.00	174.79
Spain (53)	146.73	+0.5	119.72	119.46	120.72	112.16	+0.5	4.93	145.97	119.63	119.21	119.94	111.58	171.12	131.51	151.00
Sweden (25)	170.54	+0.7	139.15	138.85	140.31	145.73	+0.6	3.06	169.37	138.81	138.32	139.17	144.86	204.12	145.60	167.21
Switzerland (59)	95.17	+0.7	77.66	77.49	78.31	82.52	+0.8	2.42	94.53	77.47	77.20	77.68	81.84	100.67	82.17	91.29
United Kingdom (238)	177.51	+1.5	144.84	144.51	146.03	144.84	+1.0	5.18	174.94	143.38	142.86	143.74	143.37	187.44	156.27	168.18
USA (526)	156.58	+0.7	127.76	127.49	128.83	156.58	+0.7	3.11	155.46	127.41	126.97	127.75	155.46	161.59	125.95	131.99
Europe (824)	140.00	+1.1	114.23	113.98	115.19	115.42	+1.0	4.19	138.48	113.49	113.10	113.79	114.31	151.52	125.50	140.17
Nordic (107)	175.06	+0.5	142.84	142.52	144.02	142.89	+0.6	2.26	174.17	142.74	142.25	143.12	142.09	200.61	155.55	176.30
Pacific Basin (718)	133.40	+2.8	108.85	108.61	109.76	109.77	+2.5	1.13	129.78	106.36	105.99	106.64	107.09	145.82	117.88	130.43
Euro – Pacific (1542)	136.36	+2.1	111.26	111.01	112.18	112.79	+1.9	2.38	133.57	109.47	109.07	109.75	110.72	147.66	121.29	134.76
North America (641)	155.01	+0.7	126.49	126.22	127.56	153.37	+0.7	3.13	153.94	126.17	125.74	126.52	152.32	160.44	125.91	131.74
Europe Ex. UK (586)	117.72	+0.8	96.05	95.86	96.87	98.56	+0.9	3.45	116.76	95.69	95.37	95.96	97.66	129.80	103.58	122.73
Pacific Ex. Japan (244)	145.66	+0.9	118.85	118.61	119.85	130.10	+1.0	4.17	144.34	118.29	117.90	118.61	128.86	153.19	111.40	118.16
World Ex. US (1735)	138.07	+1.9	112.66	112.42	113.60	114.33	+1.7	2.41	135.45	111.01	110.63	111.30	112.36	148.16	122.32	135.24
World Ex. UK (2023)	140.02	+1.5	114.25	114.01	115.21	125.73	+1.4	2.36	137.97	113.07	112.68	113.38	123.86	146.16	120.06	129.63
World Ex. So. Af. (2200)	142.59	+1.5	116.35	116.10	117.32	127.14	+1.4	2.67	140.44	115.10	114.71	115.41	125.38	148.68	122.92	132.80
World Ex. Japan (1787)	150.53	+0.8	122.83	122.57	123.87	138.56	+0.6	3.54	149.34	122.39	121.97	122.73	137.52	155.59	126.69	135.22
The World Index (2261)	143.28	+1.5	116.91	116.66	117.89	127.56	+1.4	2.67	141.18	115.71	115.31	116.02	125.84	149.37	123.28	133.05

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Constituent changes with effect 17/12/91: Deletion: Sun Life Corp. (U.K.) and Cetus (USA).

Name change (16/12/91): OPSM Inds. to OPSM Protector (Australia). Latest prices were unavailable for this edition.